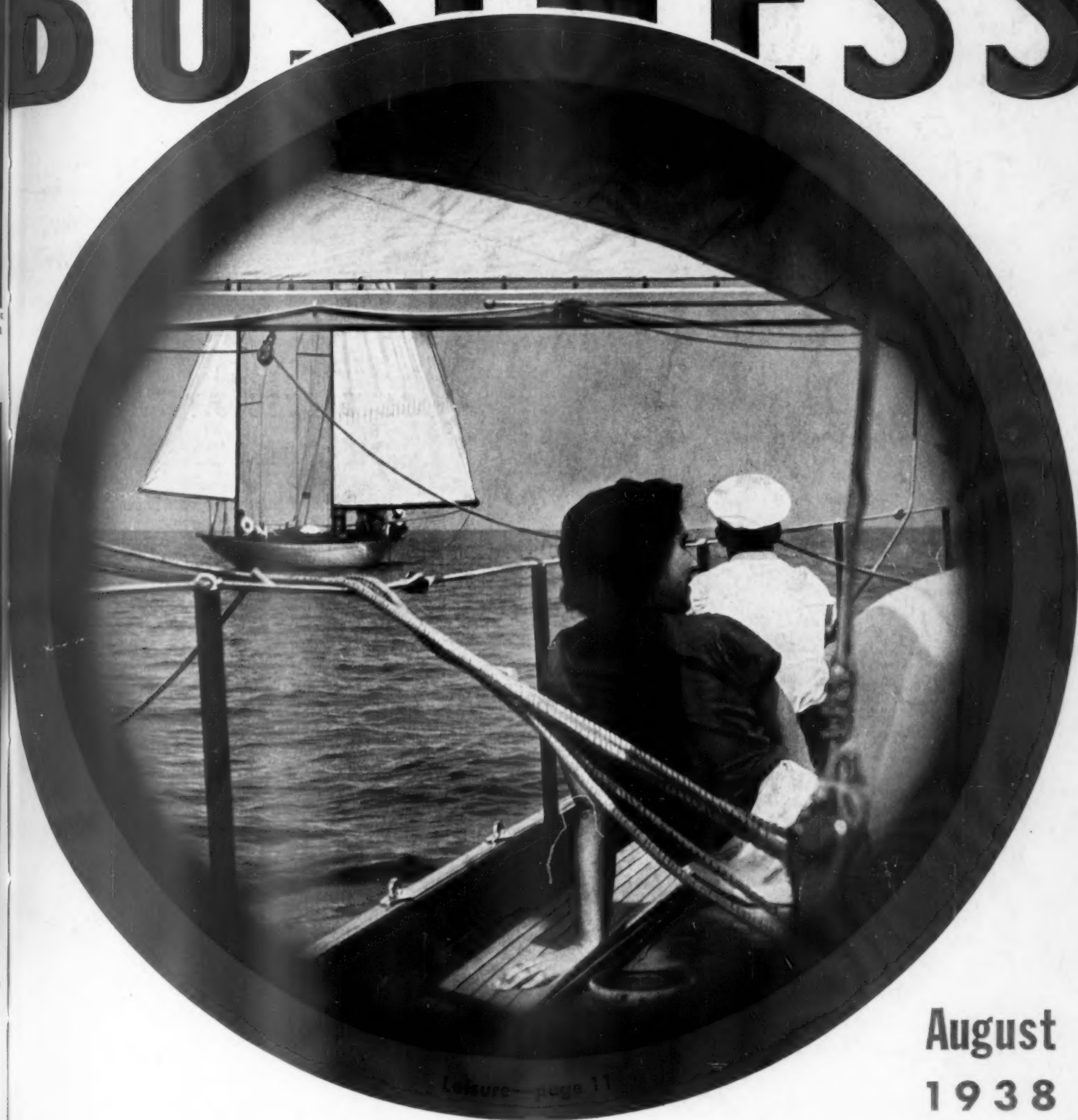


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# NATION'S

JUL 29 1938

# BUSINESS



August  
1938

What's Happening to Independent Unions? • Why Dollars Refuse to Work •  
Bachelor of Extravagance—Cum Laude • Labor Laws, British Style

38

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### Here's how little it costs to telephone:

BETWEEN	AND	★STATION-TO-STATION	
		Week- day	Night and Sunday
Washington, D. C.	Atlantic City, N. J.	\$ .65	\$ .40
New York	Provincetown, Mass.	.85	.55
Los Angeles	Tucson, Ariz.	1.40	.85
Kansas City	Colorado Springs	1.70	1.05
Cleveland	Bar Harbor, Me.	2.20	1.35
Chicago	Glacier National Park	3.75	2.25
New Orleans	Rainier National Park	5.50	3.75

\* 3-minute station-to-station rates. Reduced rates are in effect from 7 P. M. to 4:30 A. M. every night and all day Sunday.

QUESTIONS our readers  
are asking:

- 1 • DOESN'T Great Britain handle its labor situation better than we do in this country? . . . ANSWER ON PAGE 15
- 2 • WHY has the demand for producers' and durable goods fallen so low at this time? . . . ON PAGE 18
- 3 • DOESN'T the Wagner Law outlaw so-called "independent" unions? . . . ON PAGE 19
- 4 • WHAT has been the attitude of the National Labor Relations Board toward independent unions? . . . ON PAGE 20
- 5 • IF LOVE and money are the most important things in life, what can college give my boy? . . . ON PAGE 22
- 6 • IS IT true that most big industries today prefer to hire beginners who have had college training? . . . ON PAGE 23
- 7 • WHY should I spend money to build a new plant when business isn't very good anyhow? . . . ON PAGE 25
- 8 • IF THEY keep increasing taxes, why won't the Government eventually get money enough to pay its debts? . . . ON PAGE 31
- 9 • IS THE antimonopoly inquiry going to be just another chance to throw dirt at business? . . . ON PAGE 38
- 10 • WE HAVEN'T been hearing much about John L. Lewis lately. What's happened to him? . . . ON PAGE 42
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NATION'S BUSINESS • CHAMBER OF COMMERCE OF THE UNITED STATES

VOLUME 26 Merle Thorpe, Editor & Publisher NUMBER 8

Managing Editor, RAYMOND C. WILLOUGHBY; Business Manager, LAWRENCE F. HURLEY; Director of Advertising, E. V. THOMPSON. Commerce St. Chicago, First National Bank Building. Atlanta, Chamber of Commerce Building. As the official magazine of the Chamber of Commerce of the United States this publication carries authoritative notices and articles in regard to the activities of the Chamber; in all other respects the Chamber cannot be responsible for the contents thereof or for the opinions of writers.





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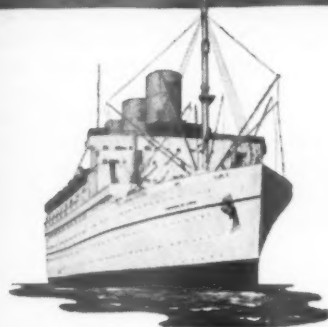


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## Canadian Pacific

## Through the EDITOR'S SPECS

### We must speculate!

AS THIS is written the afternoon papers, in front page, seven column head-lines, say: Stocks Jump in New Buying Stampede.

America always has been a nation of speculators. We came by it naturally. Our fathers were those hardy ones who dared the unknown seas, hostile Indians, and precarious livelihood. Their sons likewise pioneered the West. In both instances the cautious ones stayed at home. The country was sired by men who "took chances."

The practice of speculation is as old as life, yet it has come to have a narrow and sinister association with the stock market and grain futures. The popular understanding, too often translated into legislation, lacks perspective. For speculation touches the life of the common man in every venture.

The farmer speculates when he fertilizes the land, again when he plants for future delivery. The merchant contracts to fill his shelves long before spring arrives. He speculates. So does the manufacturer who buys in advance the raw material, the labor, the looms and spindles essential to make delivery. Everywhere there is evidence aplenty that "ours is a speculative society."

Our industrial supremacy is due, as President Hadley of Yale once said, to the fact that we could afford to speculate as no other nation could afford to do. (See Taxes, Our No. 1 Problem, page 13.) Risk is as necessary to the progress of the nation as of the individual. If, in the name of security, we make it impossible to spend ourselves in the interest of national advancement we commit a crime. To thwart this spirit of adventure by legislation or bureaucratic decree is a public injury.

We must speculate if we are to go forward.

NOR COULD WE STOP speculation if we would. We may make it difficult here, we may penalize it there, only to see it break out elsewhere. We have placed barriers against speculation in industrial undertakings through market regulations, federal requirements as to stock issues, and pen-

alty taxes. What has happened?

No one who has eyes in his head can fail to see the tremendous increase in petty speculations, or call it gambling if you will. According to a habits study of the Northwestern National Life Insurance Company this shift of "risk-bearing" mounts up to \$3,500,000,000 yearly.

Betting on horse races is now legal in 22 states. Horse or dog racing has become legal in 12 states within the past four years. Bookmakers operate in many other states. Far more widely distributed than the major forms of racetrack gambling are foreign sweepstakes tickets, available to the clerk and stenographer virtually everywhere.

Mr. John Citizen pays his \$2.50 for a sweepstakes ticket; drops a quarter or a dollar into an office baseball or football pool; gives a slot machine a few whirls on his lunch hour; shakes dice for his cigars or cigarettes. He goes home to find that his wife has put 15 cents on a number peddled by a door-to-door solicitor in the hope that the last three digits on her ticket will tally with those of the total bank clearings for the day.

Mrs. Citizen has invited the Joneses over to play bridge at a tenth of a cent a point. Junior had two nickels which went into the pinball machine setup near the high school, and he holds a punchboard chance that may win him a miniature radio for his bedroom. Sister won't miss going to the neighborhood movie house this evening; it is bank night; the purse is up to \$275, and she feels lucky.

Then there is the drawing in the lodge raffle, to decide what fortunate family will win a new set of dinner silver, or maybe even a sedan. The profits will help furnish the new club rooms, or perhaps buy a piano for a settlement house that is the lodge's charitable activity.

SO IT GOES. Slot machines are illegal in nearly all states. But operation depends on strictness of local law enforcement. After a local crusade has forced the slot machines into hiding, pinball machines appear. Pinball machines which pay off automatically are usually classed as gambling devices, but those on which the proprie-

## The Light that Didn't Fail

• A worried official of a Texas town found that a main engine in the municipal power and light plant was giving trouble. He feared a community in darkness!

Efforts to find the cause met no success. Some one suggested that he insure the engine with Hartford Steam Boiler and get the benefit of that company's exact diagnosis. Without loss of time, a Hartford engineer arrived . . . rolled up his sleeves . . . dug in . . . unearthed the conditions, which, if undiscovered, would have turned out a town's lights.

*But the light never failed in that locality.* Streets, homes, offices continued in brightness, as usual! Power carried on.

To this pioneer in engineering insurance, no power plant safety problem is strange. 72 years of dealing solely with engineering insurance and safety has made Hartford the choice for almost half of the power plant insurance carried in the United States.

Its unique home-office engineering staff, its feedwater laboratory, its inspection force . . . all work together as one on the single task of *making power safer*. Ask your agent or broker how Hartford Steam Boiler can keep light going, power flowing, in your plant!



**The HARTFORD STEAM  
BOILER INSPECTION AND  
INSURANCE COMPANY**

HARTFORD

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tor pays off in cash or merchandise frequently get by under the classification of games of skill. Country-wide estimates of the "take" of pinball machines range from \$7.50 to \$10 per machine per week. Machines checked recently in Minneapolis averaged \$11.20 per machine for the week in which the count was taken.

Church raffles and "Bingo" parties have become popular means of raising money for expenses, although prominent churchmen have recently voiced vigorous objections.

School alumni associations, lodges, and various charitable organizations have found in the desire of the human race to take a chance the quickest, simplest way of raising money for their purposes. Volume of money wagered in football pools increases each fall. Every business office of any size has its perennial "jackpot" organizer.

Reform drives against bookmakers, gambling houses and slot machines gather momentum; sweep new local officials into power; clamp down the "lid"; usually peter out. "What's the use to try to stop it when 95 per cent of the public wants to gamble in one form or another?" asks an eastern enforcement official.

PERHAPS to moralize that our national policy toward speculation in industrial shares, bonds, lands, business undertakings has simply brought it to a head in other practices is idle speculation itself. Not to draw the long bow of the hot weather silly season, it would seem in the interest of national progress, that, since we must speculate, such risk-bearing, chance-taking ventures might be directed toward the development of unborn radio and rayon and gas-buggies and flying machines.

(This is written with the full knowledge that it will be misinterpreted; that some one will accuse me of advocating gambling in the national interest!)

### Earned and unearned increment

A DOTING public has given the Dionne quintts a million dollars or so. What have the little *dulces* done for the public that they should be so showered with blessings? Nothing at all. A biological side-show.

The head of a manufacturing business has acquired a million dollars. In doing so he supplied an article to be found in half our homes, besides providing a source of livelihood to 10,000 family breadwinners over a period of 40 years. We follow the demagogue in denouncing him because he has made so much money.

No one objects to the quintts taking and keeping what is thrown into their



laps. Why some citizens get apoplexy because other citizens earn and save is a puzzle that contemporary historians might weigh.

### Washington fantasia

WHY STATESMEN GROW GRAY in the service of their country. One "problem" crying out for solution, as stated by Representative Emanuel Celler:

... all of us love our country, but few of us can successfully sing the song we adopted as our official means of expressing our love. For The Star Spangled Banner is beyond the reach of the average voice shouting from a low B-flat to high F, a range of 12 notes.

**ANTI-CLIMAX:** The best July wheeze on Pennsylvania Avenue: The story of an orator who in the excitement of a soaring peroration, while dedicating a P.W.A. project, and being a trifle near-sighted, hung a wreath not upon the monument, but upon a W.P.A. worker.

### The Yankee ideology

"THE Temptation of Jonathan," by George Sylvester Viereck in the December, 1937, issue has been brought out in book form by the Christopher Publishing House, Boston. This little primer of Americanism has aptly been called by reviewers a summary of the great world debate between totalitarianism and democracy.

### American incident

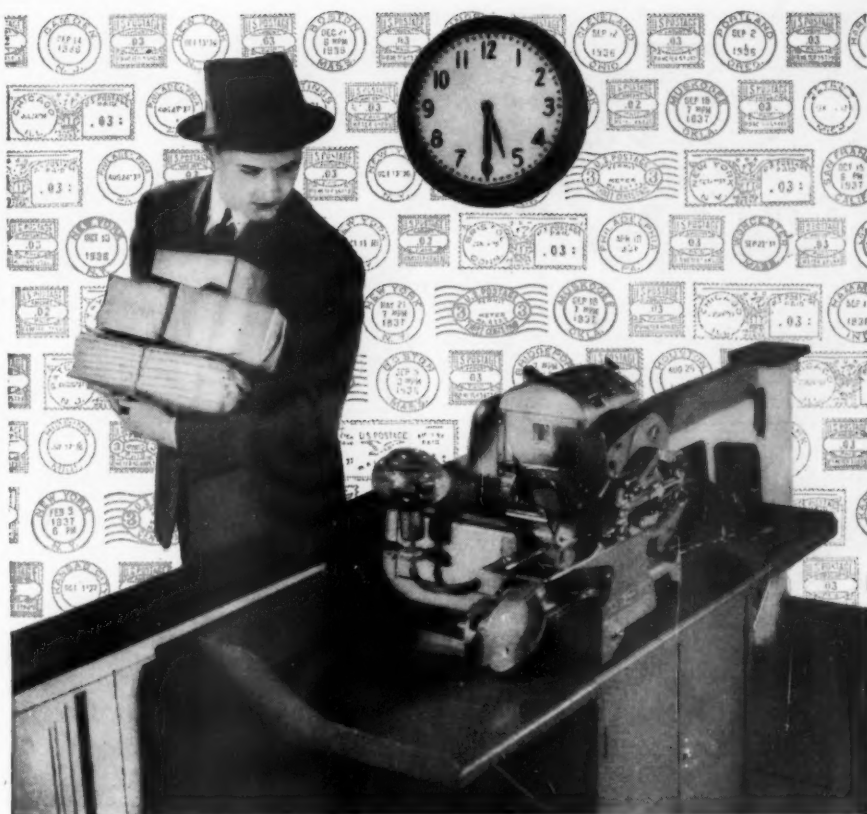
JUST at the peak of the planting season a farmer near Newton, Iowa, died suddenly. The next week 32 neighbors moved in with 11 tractors and three seeders and in one day planted 70 acres of oats for the widow.

Not an unusual event in rural Midwest, even in these days of Government competition in the fields of relief. It might also be added that one of those soulless corporations, the Standard Oil Company, donated the gas and oil for the tractors.

### A yardstick of morality

THE SUIT of the 18 electric power companies against the TVA and the PWA to enjoin loans and grants for duplication of existing power facilities hinged upon one important point: Had there been collusion between the two Government agencies? Permission was granted by the court to the attorneys of the power companies to examine the TVA minute books, but they could find nothing that would substantiate the allegation. It looked as if they were licked. They were, in fact, as far as the lower court was concerned.

Then came the congressional investigation of the TVA. On the stand



## P. M. means D. S. T. to Joe!

THE OFFICE BOY gets out the mail. It was the only job that Joe really minded—because it kept him in the office an hour after everybody else had gone home. And in summer, with daylight saving time in force, Joe begrudged the office that hour of daylight when everybody else was free.

But now the Postage Meter has solved that problem! The office mail is only a matter of minutes with the Postage Meter, and Joe is free in a fraction of the time he used to take!

The Postage Meter is an efficient mailing machine that *prints* postage, postmark and an advertising slogan on your business mail in your own office; seals envelopes neatly, swiftly, efficiently. And prints postage on gummed tape for parcel post or package mailing, in any denomination required.

It not only saves time in the office, but time in the postoffice. Metered mail is received at a special window, skips facing, postmarking, cancelling; gets on its way earlier, can make earlier trains.

And the Postage Meter saves postage and protects your postage account at all times. Because the postage is in the Meter, set and sealed by the postoffice! It can't be stolen, destroyed, sold or used for anything but business mail. Visible dials show postage available, and postage used—make postage accounting accurate and easy.

The Postage Meter pays its own way in most offices in a short time. Get a demonstration in your own office—and you'll understand why thousands of progressive firms everywhere prefer this modern way of mailing.



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# Fire clinic

Hundreds of fires occur in America every day. At each scene the neighbors gather, interested to know how the fire started ... what caused it to spread so rapidly ... why it wasn't nipped in the bud.

But, isolated facts often hide their true significance. What an advantage to everybody, if the *same* people could study *all* the fires! In effect, that is exactly what is done today ... by 200 capital stock\* fire insurance companies through their own organization, The National Board of Fire Underwriters. It is the national "fire clinic."

With the co-operation of employees of the companies and thousands of insurance representatives, a central staff of some one hundred and fifty people comprising the Actuarial Bureau receives daily reports of the nation's fires. This data is classified and tabulated and reported to state authorities to assist intelligent regulation in the public interest.

Centralized studies of the causes of fires help to minimize them. From the National Board's recommendations come better building laws, improved regulations and more efficient fire-fighting facilities.

By thus co-ordinating the nation's fire experience, the capital stock fire insurance companies work constantly to safeguard your life and property.



Daily reports have accumulated the data of seven million fires in the files of The National Board of Fire Underwriters.



**\*CAPITAL STOCK COMPANY FIRE INSURANCE** provides sound protection at a predetermined price, without risk of further cost. In addition to legal reserves, its policies are backed by cash capital and surplus funds set aside to meet not merely normal claims but also the sweeping losses due to conflagrations and other catastrophes. Its organized public services are national in scope. Its system of operating through Agents everywhere gives prompt personal service to policyholders.

THE NATIONAL BOARD OF FIRE UNDERWRITERS  
85 John Street, New York  
Established 1866

former Chairman Arthur Morgan recalled that minutes of a certain meeting had come to him for signature a second time. The first copy contained this sentence which would have proved precisely what the power attorneys believed to be the case:

David E. Lilienthal reported that the applications of the Alabama towns of Tuscumbia and Sheffield for loans from the Public Works Administration with which to build power distribution systems had been on file for two months and that he had consulted with Secretary of the Interior Ickes requesting that immediate action be taken on these applications.

In the second copy this paragraph was missing. Some one, Dr. Morgan charges, had changed the official minutes by deleting the tell-tale sentence.

### How research makes jobs

TOLEDO credits several large industries to products which have come as direct contributions of laboratories.

Research work in mechanics, chemistry and design accounts for application of color to glass, manufacture of textiles, replacement of corks with screw-on plastic caps for bottles. Methods of making glass which will bend, resist heat, and resist shattering impacts are all traceable to research.

Local makers of artificial leather products for the automotive industry have through research developed waterproof surgical tape after years of experimental work.

A plastics industry was born through a research program to find a material to replace metal in the manufacture of a counter scale.

A dental supply house has perfected new materials to aid the dentist in gold casting for inlays.

Use of lacquers and paints requiring new types of solvents forced a manufacturer of spray-painting equipment to develop hose to convey the fluids. As a result a new industry appeared.

Through their research programs in recent years Toledo concerns have created 6,000 jobs.

### Leisure

IT IS not many years since an anonymous jongleur summed up the hours and wages situation of the times in this fashion:

A man's work is from sun to sun  
But a woman's work is never done.

Midsummer, when everyone's thoughts turn errantly to recreation, is a pretty good time to consider whether that situation still holds. Surely nobody thinks it does. And surely nobody who pretends to be

fair-minded can credit anybody but business for the change.

Granted that the purpose was not intentionally idealistic it still was not completely selfish because no business has been able to sell its own "luxury" products without selling also the products of others. The man who makes a better washing machine or vacuum cleaner is also increasing the market for bridge sets, magazines, facials and manicures. The man who makes better and faster office equipment is widening the market for golf clubs, theater seats, fishing tackle and sail boats such as Photographer Nesmith pictures on our cover.

The very fact that laws shortening the hours of labor are regarded as possible today is an admission that business has done a good job. If anybody had proclaimed that great-grandpa must work only 40 hours a week—great-grandpa would have starved to death.

### Pace setting packages

MOST traveled express shipment in the United States, rated by the Railway Express Agency, is a package of laundry, shuttled between Los Angeles and San Francisco every week for the last 25 years.

Package has carried fancy linens of a Los Angeles hotel resident, who would only entrust them to a San Francisco establishment. Custom began with a visit to the plant a quarter of a century ago. Mileage for the period, 1,268,800 miles.

New England has entered the unusual record of a similar shipment that up to January had traveled between Gloucester, Mass., and Lynn every week for 51 years in succession. It made this trip of 20 miles each way 2,652 times, amounting to 106,080 miles in express service.

### Smith No. 1 U. S. name

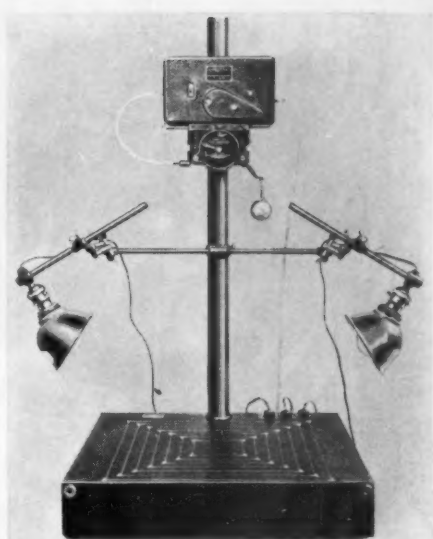
IT'S the Smiths again.

Of the 39,000,000 Social Security account numbers, the Smiths are tops among all family groups with 470,000—but it took the Schmidts, Schmitzes, and Smythes to put them there.

Next in order are the Johnsons with 348,530, the Browns with more than 253,750, the Williamses with 249,312, and the Millers with 238,980. The Joneses stand in sixth place with 232,540. All variations in the spelling of a name are grouped together.

First estimates of statisticians envisaged 26,000,000 accounts. On that estimate, filing space was provided for 294,000 Smiths, 227,000 Johnsons, 165,000 Browns, 156,000 Williamses, 147,000 Joneses, and 137,000 Millers.

Survey of the millions of records discloses shortest family name is "E." Longest name is Xenogianokopoulos.



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This complete, portable, microfilming unit enables the contents of 32 filing cabinets to be stored in *one* cabinet in film form! From 800 to 1600 photorecords of Social Security forms, Employees Insurance data, engineering records and drawings, correspondence, checks and other office material may be made on one roll of film four inches in diameter and two inches thick, allowing a reduction in filing space of more than 95%! And such material is permanently preserved in a readily accessible form from which duplicates may be made easily and economically for branch office and interdepartmental use.

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It's motoring's greatest hazard. Nothing can prevent it from happening to the best tire ever built. But Goodyear has now *eliminated the resulting danger.*

Blowout . . . puncture . . . cut . . . whatever the cause of deflation, Goodyear LifeGuard tires enable you to bring your car safely to a smooth stop . . . no matter how fast you are traveling.

Why? Because the Goodyear LifeGuard is a tire within a tire. When casing and tube let go, the sturdy two-ply reserve tire holds air long enough to support the car . . . keep it

under control without a swerve or lurch . . . until you can bring it to a safe, easy stop.

You wouldn't think of driving a car today without 4-wheel brakes . . . all-steel body . . . or safety glass. Yet, marvelous as these features are, you are still in danger if a sudden flat tire occurs.

It takes LifeGuard tires to make your motoring completely safe. Equip your car with LifeGuards today! Remember that *only Goodyear* can offer you this priceless protection.

\* \* \*

\*LIFEGUARD is a trade-mark of The Goodyear Tire & Rubber Company, and is fully protected by patents. Goodyear LifeGuard tires are made for passenger cars, trucks, buses and motorcycles.

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**LIFEGUARDS\***



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**TUBE BLOWS!**



**SAFE!**

**HOW THEY WORK:** The Goodyear LifeGuard is a 2-ply reserve tire inside the tube . . . both inflated through the same valve. If casing and tube fail at high speed, the inner tire holds enough air to support the car until it can be brought to a smooth, safe stop. A LifeGuard-equipped car may be readily identified by the yellow and blue valve stems.





## Taxes, Our No. 1 Problem

**J**UST one hundred years ago a British cotton manufacturer published a book to warn his countrymen. He called it "England and America Contrasted, or the Evils of Taxation."

"It is utterly impossible," he wrote, "that we can compete with America under this immense burden of taxation." Britain could not hope to keep step with "America, where every stimulus is given to the energies of industry," and where a workman could subsist as well on three hours labor a day as he could in England on 12 hours. ("Taxes are paid in the sweat of every man who labors"! ) With this tremendous advantage to the manufacturers and workmen of America, he predicted that the new country would become the richest and most prosperous in the world.

The Englishman's prophecy was fulfilled. America went on and up until she surpassed the Motherland in every index of the abundant life. We produced more and consumed more and "laid up" more than our cousins, the John Bulls. The commercial capital of the world was moved from London to New York. Our dollar became the standard of value.

Taxes, when the Britisher wrote, were taking from ten to 12 per cent of the gross national income of Great Britain, while here one-fourth that. At the close of the Great War Englishmen gave up 25 per cent of what they earned to the tax-gatherer. Ours grew from two per cent in 1850 to six per cent in 1900, to 12 per cent in 1914. Today it is 27 per cent, and if we were paying as we go, our expenses for Government—state, federal and local—would require nearly one-third of the income of all of us.

Great Britain's tax burden today is around 20 per cent. For the first time since our federal Government was set up, it is taking more from its citizens than the United Kingdom. There is much loose talk in comparing our tax burden with those of other countries. Mr. Harry Hopkins said cynically that "we don't know what it is to be taxed," but the record—"and don't let any one tell you different"—judged on any basis, *per capita*, cost of government, or income, proves the United States now has bigger and better taxes than "debt-ridden" England.

An American cotton manufacturer might write a book today warning his countrymen. For, while we are not certain of many things in this life, of this we are sure: When a nation expends the results of its labor in non-wealth producing enterprises through political agencies rather than in the development of new industries through the imagination and courage of its individual citizens, there can be no progress. Political spending makes for temporary employment of men; the other for continuous and increased employment of men.

Eighteen of the new industries developed here in the 50 years ending in 1930 employ today 9,000,000 men and women, nearly one-fourth of the total employed. The deflection of the people's savings from industrial ventures to political spending since 1930 has not added a single man or woman to a wealth-producing pay roll. During this period there have been a million men and women, exclusive of those on relief, added to political pay rolls. But this employment is overhead, not income producing.

It is the fashion today to speak slightly of the founders of this government. It may be that our horse-and-buggy leaders were dumb, that they were just ordinary men. If that be so, they builded better than they knew. For they gave us little government and little government expense, leaving with the people a large percentage of earnings which voluntarily adventured into a thousand fields, under the stimulation of enterprisers, who in turn were "given every stimulus."

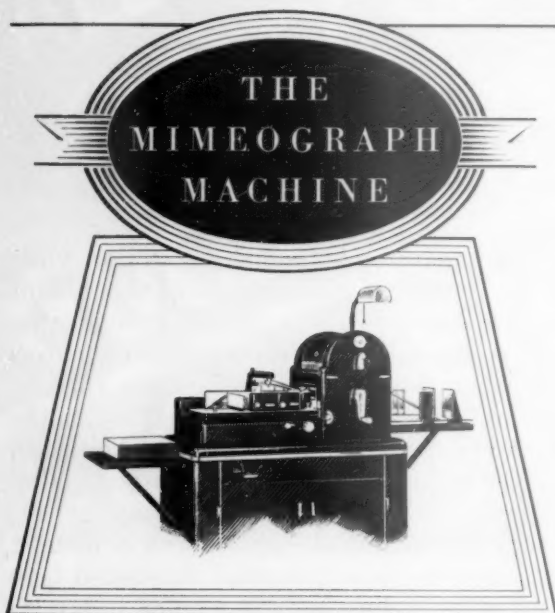
Little government expense meant little government meddling by bureaucrats. Little government expense did not permit Congress to pass on its law-making job, as by a Detroit assembly line, to bureaus, boards, commissions and authorities, all eager for more power—and more tax-money.

Our American manufacturer-author might paraphrase his British cousin of 100 years ago: America cannot hope to regain its industrial stride under the present immense burden of taxation.

*Mere Thorne*

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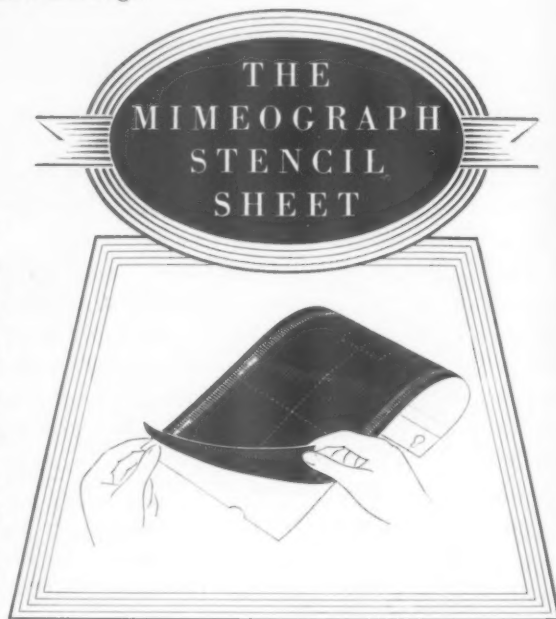
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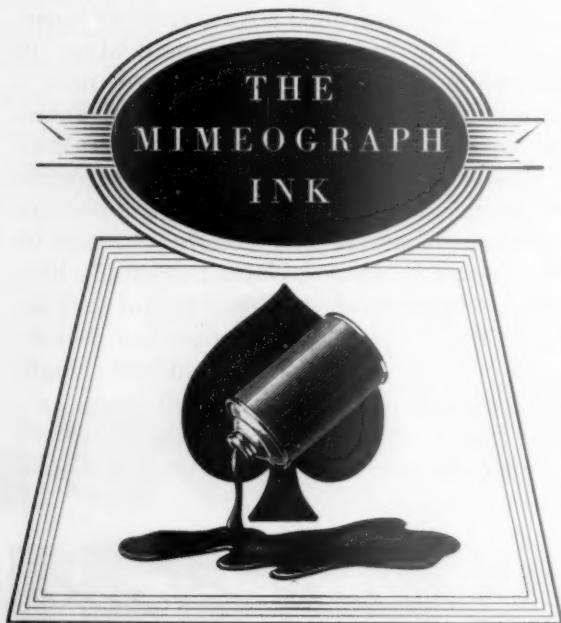
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# Labor Laws, British Style

By CHESTER M. WRIGHT

**SHOULD** this country adopt the English method of handling labor disputes? A special commission has been appointed to find out. Here is a survey of British conditions—and our own

**I**N THE light of presidential recognition of the British Trade Disputes Act by appointment of a special commission to study its workings, America has become acutely conscious of the existence in England of that 11-year-old piece of legislation. America is asking questions and it doesn't seem inclined to wait for answers until the commission comes home.

I have no desire to discount the report to be formulated by the presidential commission. But it is in no wise presumptuous to set forth information available to anyone who cares to look for it.

It is easy to get a copy of the law. It was printed textually in the *Monthly Labor Review*, U. S. Department of Labor, in November, 1927. Recently it has been reprinted in a pamphlet, as Serial No. R. 587, a bulletin of the Department of Labor, of which copies may be had.

Having read the text of the law, it is not much more difficult to discover a good deal of evidence as to its workability. After all, a great many Americans cross the Atlantic each year and some of them look about them, to study the workings of the British industrial order. Similarly, Englishmen cross the Atlantic and they, too, talk a bit about how things go with them in the tight little isle.

From all these sources we learn that the act does these things:

1. Prevents assessment of political dues unless expressly authorized by the member.



The law apparently is not a very astonishing thing and the British are less excited about it than are some Americans

2. Outlaws mass picketing.
3. Outlaws the general strike.
4. Adds nothing to the machinery for voluntary negotiation and agreement.

But:

1. Collection of political funds has been only slightly affected. All new members sign their authorization for political dues when they are initiated into membership.
2. British labor never has needed mass picketing for the purposes that have animated American labor.

3. British labor doesn't mourn the loss of the general strike, because British labor is conscious of the priority of national safety in the formulation of public and labor policies.

4. Contrary to a somewhat general impression, the Act of 1926 does not set up boards, courts or administrative machinery. All of the British agencies for facilitating joint relations were set up under earlier laws.

The available evidence seems to indicate that the law isn't a very aston-



ishing thing, that it works fairly well, that Englishmen aren't as excited about it as are some Americans, that it doesn't tend to produce a bureaucracy or fill the land full of enforcement officers and that it is part of a body of law nearly a half century old, dealing with labor relations.

Something else is revealed. This British law grew out of conditions in England. England was torn by the World War in a way that Americans never even began to experience. That grim experience left an aftermath in industry that found its climax in the general strike of 1926. The Trade Disputes Act followed as a direct consequence in 1927. To appreciate how the American background for present legislation differs from the British background in 1927, it is necessary only to consider the difference between America today and Britain coming slowly and with intense pain out of the devastating experience of the World War, in which England took part from the start while our own participation was limited to 18 months.

Again, the Wagner Act is the first piece of major legislation putting labor relations in America on a statutory basis. It was enacted to put an end to a century of resistance to unionization of workers.

The foundations of collective bar-

gaining were laid a century ago in England and for more than 50 years the majority of British employers have faced union representatives in joint negotiations. To them unionism has been a fact. The bargaining machinery in use today by some of the larger British unions was established as long as 40 years ago.

### Growth of a labor policy

THE British Government began the development of a definite labor policy immediately after the war, although the first steps toward such a policy were taken while the war was going on and under the sharp spur of its necessities. However, Britain began the development of a legal status for unions years before that. Sir Walter Citrine, General Secretary of the British Trade Union Congress, tells us this legal status "is principally determined by the following acts of Parliament: the Trade Union Act, 1871, as amended by the Act of 1875; the Conspiracy and Protection of Property Act, 1875; Trade Disputes Act, 1906; the Trade Union Act, 1913; and the Trade Disputes and Trade Union Act, 1927; and also by the decisions of the Courts in cases that have been brought before the Courts on these Acts." There should be included the 1824-25 repeal of the con-

spiracy laws of Edward III (1319 A. D.).

A final addition to the list, though determining practice and not policy would be the parliamentary resolution appointing the Whitley Commission, the report of which gave rise to the Whitley Councils, which still serve in their original sphere of usefulness. This development came in 1916, brought on by the necessity of creating a working industrial relationship that would help win the war.

Britishers, employers and workers alike, have been highly realistic in facing the problem of industrial relations. In fact the whole scheme of British legislation is based upon acceptance of the idea that both groups want industry to operate and that, to make it operate, there must be an acceptable method of negotiation and compromise to adjust inevitable disputes. The right of unions to exist and function is not questioned.

Now what about the Trade Disputes Act? Again, it must be remembered that the war was but a little way in the background. Likewise, England had witnessed and was still witnessing a considerable leftward influence, as much feared by some labor leaders as by anybody. The crashing of the Russian monarchy and the establishment of bolshevism were being

(Continued on page 52)



The verdict of American labor will be that the British law does not fit conditions in the United States

# Why Dollars Refuse to Work

By JULES I. BOGEN



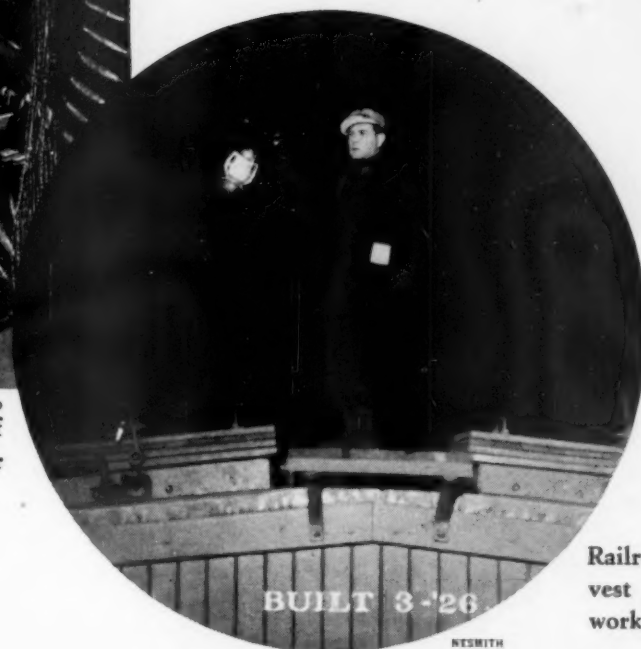
WESTINGHOUSE PHOTO

Prosperity depends upon volume production of durable goods such as this synchronous condenser



REPUBLIC STEEL CO.

For every employee engaged in their operations, steel companies invest as much as \$7,300



WESMITH

Railroads, too, invest \$21,200 per worker

IF THIS country is to have increased employment and sound recovery, it is becoming increasingly evident that one major step must be taken:

We must open the capital markets.

Until we do that, we cannot have the expansion of trade and industry on which recovery depends.

Recent figures explain the need. Among other things, they show that, for each employee, the U. S. Steel Corporation has a capital investment of \$7,300; the U. S. railroads, \$21,200; and one of the larger oil companies, \$12,126. Other enterprises require comparable amounts.

This means that, unless new funds are readily available, these companies find it quite difficult to expand. Funds are not readily available today. Re-

cent ripples in the capital markets merely accent the general stagnation.

Moreover, most of the governmental efforts to relieve this stagnation have, unfortunately, merely aggravated it. Let us see how that comes about:

American industries fall into three main groups.

First, there are the industries that provide food, clothing and other current consumption needs. They are relatively stable in character, and account only to a moderate extent for the wide swings in industrial activity from which this country has suffered so severely since 1929. This is sub-

stantially true even if we include the more variable automobile industry in this group.

Second, there are the industries that provide durable goods, particularly housing. Building activity declined almost 90 per cent between 1929 and 1933, and it has enjoyed but a modest recovery since. This group, therefore, contributes largely to business fluctuations.

Third, there are the producers' goods industries, whose finished products are machinery and equipment of all kinds. These also have suffered extremely wide fluctuations in the past ten years.

The difference between prosperity and depression, therefore, is primarily



the difference between a high and a low level of activity in the durable and producers' goods groups of industries.

Prosperity depends primarily upon the volume of producers' and durable goods that are being created. When railroads buy large quantities of steel rails and equipment freely, when farmers purchase agricultural implements readily, when public utilities expand their facilities, and when new building goes forward briskly, employment expands and the country enjoys economic

health. On the other hand, when railroads buy little, when farmers hold purchases of new equipment to a minimum, when utilities curb their expansion plans and when new construction falls off—conditions which prevail today—the nation clearly suffers from the terrible economic disease known as a major depression.

Why has the demand for producers' and durable goods fallen so low at present?

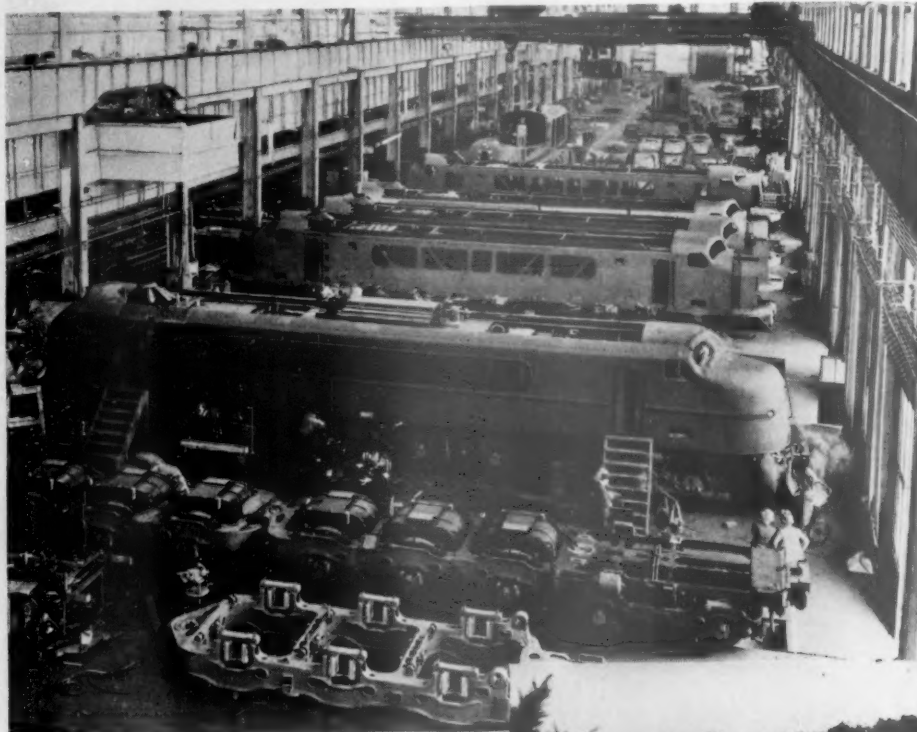
Many reasons have been advanced.

The heavy and rising burden of taxation, higher unit wage costs, fear of new governmental measures that will make it difficult to conduct business enterprise at a profit, government competition with private enterprise in the public utility and building fields, unwise regulation of the railroads—these are among the general and particular explanations commonly offered.

### Financing has slowed down

EACH of these influences has undoubtedly played some part. This article, however, seeks to determine how far the inability of business to finance the acquisition of producers' goods, and of builders and home owners to finance new construction, has contributed to the prevailing low level of activity in these all-important industries.

Once business men decide upon expansion or modernization and builders and prospective home-owners embark upon new construction they can raise the requisite long-term capital in several ways. Some part of the funds required may be invested directly by individuals who own their own enterprises or finance their own building. Corporations can finance their capital expenditures out of liberal depreciation allowances—a practice less popular because of the strict attitude of the Treasury Department in allowing depreciation deductions for income tax



GENERAL ELECTRIC

When railroads buy large quantities of steel rails and equipment freely—



FEDERAL HOUSING ADMINISTRATION

When new building such as this Brookline, Pa. project goes forward—



INTERNATIONAL HARVESTER CO.

When farmers purchase agricultural implements readily, the country enjoys economic health

purposes—or by reinvestment of earnings through the surplus account.

Finally, and for many larger-scale enterprises chiefly, there is the capital market, through which the funds of numerous investors may be tapped by using the complex investment banking machinery that has been built up for this purpose over a number of decades.

The security markets thus constitute one of the three main sources of funds

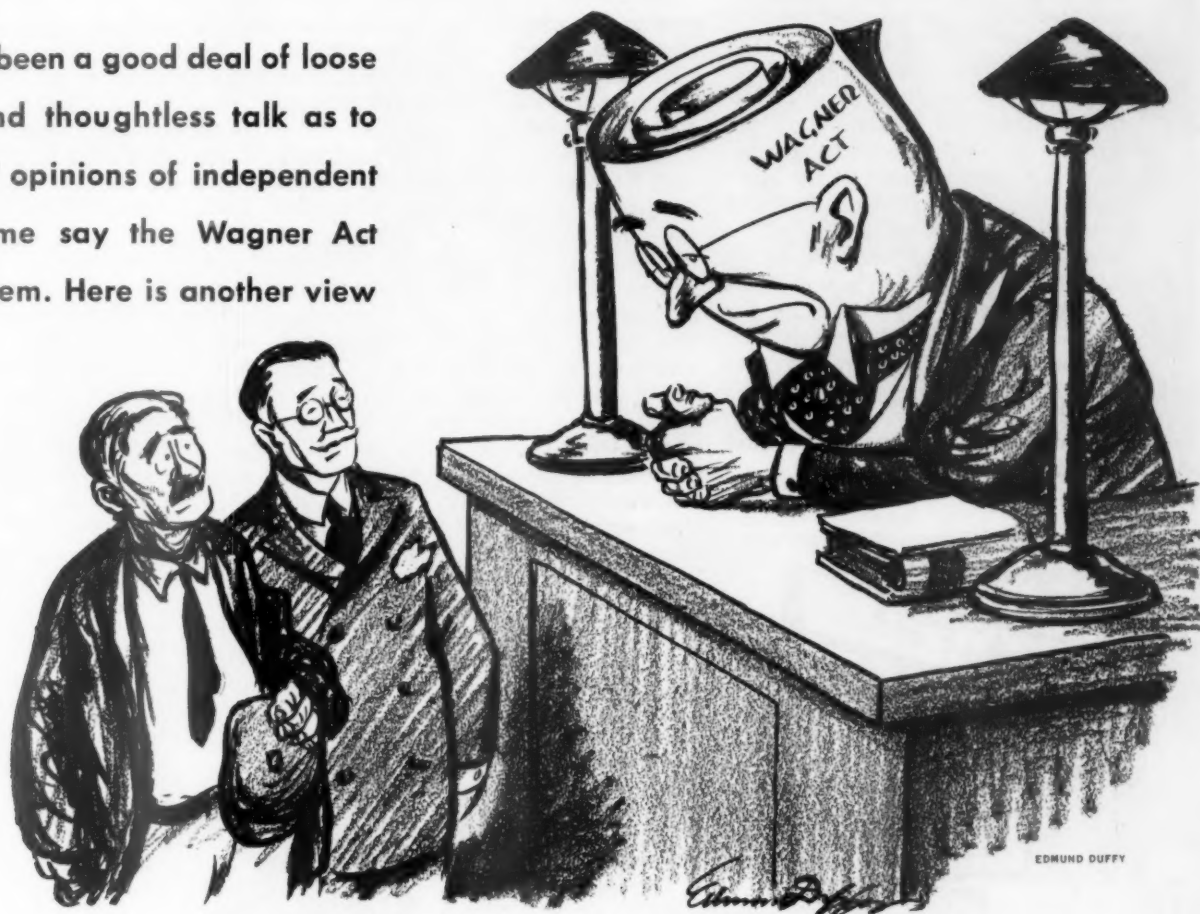
(Continued on page 76)



# What's Happening to Independent Unions

By JOHN J. COLLINS

THERE has been a good deal of loose thinking and thoughtless talk as to employees' opinions of independent unions. Some say the Wagner Act outlaws them. Here is another view



The Wagner Act was not intended to decide the merits of rival types of unions

"LET ME make it absolutely clear that the bill does not in any way impair the right of employees to organize on the single employer or company union basis."

With this statement as part of his opening speech in defense of the Labor Relations bill, Senator Wagner set in motion a fundamental conflict concerning the question of whom the employee wishes to represent him in negotiations with his employer.

## Employees were to choose

THEORETICALLY, the Wagner bill was not intended to decide the merits or demerits of one type of collective bargaining agency as against another, any more than the Supreme Court should decide the merits of the Democratic Party or the Republican Party as appropriate political rep-

resentatives. Employee choice was to be the determining factor.

Nevertheless, at the hearings on the Wagner bill before the Senate Committee on Education and Labor, several days of testimony were devoted to an explanation and evaluation of the company union or employee representation plan as an agency for collective bargaining by such experts and friends of the plan as officials of other kinds of labor unions. Now that the C.I.O. has been established, I wonder how impartial and scholarly a criticism is given the C.I.O. by the A. F. of L. and vice versa. I am sure that these groups would not want the man in the street to accept the verdict of their opponents concerning them.

Going back to the hearings, because a great deal of what has occurred since was predicted at that time, we

find that employees who operated in and under such company union or employee representation plans frankly discussed their functions and freely gave their opinions concerning them.

One such employee said of company domination and control:

When we take up a problem and work it out so that everyone is pleased, we have rendered a service, not only to the men but to the company, and the small amount that the company pays for the time of any representative when he is working on a committee or attending a meeting amounts to nothing compared with the satisfaction and quiet that comes about as a result of taking up these questions and working them out right. . . . After 13 years of building up friendly relations between us and the management we would then (under the Wagner Act) start to go the other way and build up unfriendly relations.

Another employee spoke this way: We sincerely prefer to have the Com-

pany take part in this active worth while endeavor to promote that welcome co-operation essential to a tranquil industrial life.

Even Senator Wagner, after listening to an employee discuss his company's employee representation plan—and the plan, mind you, included company cooperation to the extent of supplying stationery, meeting place, etc.—said:

I agree with you absolutely that, if this is the kind of organization the employees want, that is what I am for 100 per cent.

Despite all this, however, the Wagner Act as passed made it an unfair labor practice for an employer "to dominate or interfere with the formation or administration of any labor organization or contribute financial or other support to it."

By this provision, therefore, many employee representation plans which had been successfully operating for years and which had been defended by employee representatives were to be considered illegal.

But employee representatives wanted some form of independent union to continue.

It certainly appeared to be an uphill fight to establish an organization that would have to compete with national labor organizations for membership and the Labor Board for certification.

### Workers formed their own union

"WAS it worth while?" some of them asked.

In almost every case the answer was in the affirmative. And in many instances, where no labor organization had been in existence, employees began to consider the possibility of forming one of their own.

Perhaps a word might be said here with respect to the employer's attitude toward this new type of organization known as the independent union. Many employers unfortunately spoiled the chances of their employees to form their own organization by interfering in its formation, a violation of the Wagner Act. Others surreptitiously urged such organizations, causing employees to view their efforts with suspicion. The better informed and more thoughtful employers wisely left the choice entirely to their employees. In a large majority of such cases the independent union is functioning satisfactorily today.

What has been the National Labor Relations Board's attitude toward these independent unions?

It would perhaps please some employers to be told that the Board has been unfair and partial. This, however, has not generally been true. The number of cases that have come before the Board and the highly charged atmosphere in which they are heard certainly militate against complete fairness and accuracy in all decisions and can easily explain any incident which may seem to indicate unfairness.

Independent unions have frequently been brought into cases by outside labor organizations who have charged the employer with violating the National Labor Relations Act under Section 8 (2), "Company domination or interference." In many of these cases there has been unmistakable evidence of employer interference, leaving the Board no alternative but to order the employer to post a notice to the effect that such organizations are disestablished. There probably will always exist that type of employer who "knows what is best for his employees" and the Board is doing a real service in weeding out the shadow independent unions from the

(Continued on page 70)



The American workingman can unerringly select the type of labor organization that he needs



## Leaders in the March of Business



John M. Spencer (standing)



SOBELMAN SYNDICATE

W. H. Schroeder, W. C. Mullendore, C. H. Matson



Robert Shannon



Gilbert E. Fuller

H. C. Blackwell



**JOHN M. SPENCER**, president of The Hobart Manufacturing Company, Troy, Ohio, manufacturers of food-preparing and dishwashing machinery, organized a Quarter-Century Club for his 79 employees who had served 25 years or more and announced a yearly extra week's vacation with pay for each of them. At the same time he announced payment of the company's one hundredth consecutive regular dividend on common stock since the first payment in 1906.

W. H. Schroeder, vice president, Citizens National Trust and Savings Bank of Los Angeles, was honored with the Foreign Trade Medallion emblematic of the greatest contribution to foreign trade through personal service by the Los Angeles Chamber of Commerce.

Robert Shannon, vice president and general manager of the RCA manufacturing company, was recently given a testimonial dinner by his company in recognition of his progress and service in the company since his arrival in this country as an immigrant boy from Ireland 25 years ago.

Gilbert E. Fuller, president of the Raymond-Whitcomb travel organization, was decorated by the Norwegian government for furthering American travel and promoting good-will between that country and the United States. He has been president of the company since 1910. He organized the first travel cruise to the "Land of the Midnight Sun" and at the end of this season will have sent 19 North Cape cruises to Norway.

H. C. Blackwell, president, The Cincinnati Gas & Electric Company, whose organization won the Charles A. Coffin Medal for its outstanding contributions to the public. The company was cited for extraordinary efforts in maintaining uninterrupted service during the Ohio River flood crisis and in promoting use of electricity by effecting one of the lowest domestic rate schedules in the United States.



# Bachelor of Extravagance—

I GOT MY degree with the Harvard class that gave a waiting world such bright lights as Bob Benchley, Ambassador Joe Kennedy, Kermit Roosevelt, and Frederick L. ("Only Yesterday") Allen. Not many years before, F. D. R. himself had passed through the sacred portals. Now I am trying to decide whether I want my son to go to college.

No reflections on Benchley & Co. Just kind of a sour taste. I have been thinking that, if love and money are the most important things in life, what can college give him? Nothing on love. Worse than nothing on money: it will just make him a spender. That's what I'm mostly sour about. I know that college gives a man "something." But what about the price?

My boy doesn't care for any profession. Business is his logical career. And college seems to do more to unfit a man

for business than to fit him for it. I know all about the statistics—relative earnings of college and non-college men. And I don't believe them. Take those who go from college to business: if you could erase the four years at Alma Mater and give them, instead, four years of practical business experience, I think most of them would make a better showing than they do. Statistics never show *the same men* going to college or not going. They can't. So the statistics are a guess. And my guess is that they lie.

I do not happen to be an employer, nor yet an employee, but I have had occasion to know how a lot of employers feel about hiring college graduates



for business. It is not true, as has been said, that all employers carry sharp knives in the hope of sometime catching a college graduate alone and unskinned.

There is, for instance, the president of a large corporation, not a college man, who has hired many college men and has kept his mind open on the value of a college training for business. He tells with a certain grimness about eight college lads in whom he has taken a special interest. They are all sons of stockholders in his company. Their fathers asked him to give them a start, so he did. He started them in the shop in overalls where he starts everybody—including common school youngsters one of whom is now his vice president. One of those college boys went to and from his overall job in a \$4,500 car. Only one of them stayed as long as three weeks. None of them ever knew what it was all about.

## Boys who have failed

BEING curious, this president kept track of the eight boys. He says that not one of them has a first-rate job. Every one still drags down an allowance from his old man.

Frankly, I think college did me some good. I sat with some earnestness under teachers like Taussig, Palmer, Wendell, Santayana, Carver, Briggs, Copeland.

None of them ever first-named me, but their influence was good for me. It must have been. A few college friendships bore fine fruit. I remember one or two Brattle Street parlors with pleasure.

I discovered Sparkling Burgundy at a Boston Pop Concert. A few experiences on Soldiers



I have been thinking: "If love and money are the most important things in life, what can college give my son?"



EDWARD F. WALTON

# Cum Laude



Field will stay till I die. I'll not forget the look in the eye of the scared right guard who played opposite me in a dormitory game: not scared of me, just scared. Nor the thrill when the stands yelled my name as I passed the leader in a distance race and came home winner. Those are things I wouldn't want to give up. But what price benefits?

*College gave me no worth while training in the practical guidance of affairs, did give me a leaning in the wrong direction.*

Certainly the chief reason why some college graduates find good jobs hard to get and hold, is that employers learn that few of them are trained in the point of view of money-making—skinning the profit off a nickel—trading—buying and selling to advantage—the homely, horse-trading virtues which constitute business shrewdness and have done so throughout history, and which, however we affect to despise them, are a considerable asset even in the year 1938. When President Lowell gave me my diploma *cum laude* and turned one more educated man loose, I was wholly innocent in such matters.

Run over the main facts and see what happened to this home-town boy. My background was humble and mid-western. I was born on a farm, went to a little village school, moved to a medium-sized city in time to attend a good high school. One of my teachers happened to be a member of the local Harvard Club and one day he announced that the Club offered a scholarship which was almost big enough to pay freshman expenses.

My parents had always intended that I should go to college, education being a sort of fetish with them because they had enjoyed very little of it. I thought, "Why shouldn't I win that scholarship!" I took the examinations and did win it. But I was the only applicant,



and that's where my mis-education probably began. The victory was too easy.

Nevertheless, in a poor family the scholarship was a big event. My father had worked for years on a small farm, never earning

much; though, as transplanted Yankees had a way of doing, he contrived audacities of economy and thrived. What he owned was his without debt. A few government bonds were tucked away, some cash was on deposit or lent on good security. When I say we were poor, I mean that what we had would not have been called money by many of the boys I met at Harvard. But we did know one of the secrets of wealth, which is that we must spend less than we earned. And we did.



## Learning to work

IN THE city my father got a job as a machine hand, and we lived in a cottage on the fringe of the factory district. It was still the ten-hour-day era, and we often worked overtime. Oh yes, we. I worked beside him after school, and on Saturday, and all summer. He gave me a percentage

of the increase over what he could earn alone.

He was paid by the piece. Together we made things fly. There was always black grease under my fingernails, causing some of my white-collar teachers to shudder, but the weekly pay envelope, out of which my cut came, often contained as much as \$17 or \$18. Later I was promoted to a regular job, earned \$10 a week, and at 15 was doing a grown man's labor.



I saved, too. Before I finished high school, my bank account amounted to more than \$200. So, with the help of the scholarship, I paid practically all of my first-year college expenses. I knew at that time that the stuff is called hard cash because it's hard to get—and keep. What I did not know was that sometimes it comes easy; and may as well go—easy. Like Political Economy, Sociology and Sparkling Burgundy, I learned about that at college.

I can't say that I was a fast learner. Too near lay the shadows of my upbringing. As a freshman I roomed modestly in a private home and ate at the cheaper college dining hall. Randall Hall was then a college restaurant, with student waiters and service *a la carte* for those who wanted to baffle the wolf. My recollection is that the food was good and cheap. Nevertheless, unacquainted as I was with the a-b-c's of spending, each meal check was another lump of lead on the dead weight that would be my term bill. So I often economized further by skipping a meal or two, and buying a five-cent loaf which, with jelly from home, made two or three passable meals in my room.

Presently, however, a college education began to tell. The urge grew to do as did most of my classmates, many of whom counted dollars as I counted pennies. I could not keep up, but I resolved not to be left too far behind.

As a sophomore I went into a Yard dormitory where my room cost \$35 a year more than outside. Little enough. But, like purple martins in the fall, a sign of change. Besides, I had to buy furniture.

I tired of eating at Randall. No doubt it was less the food than the fad; because, barring the private clubs, Memorial Hall was "the" place. It was a stately room, with high windows, dark beams and woodwork, oil paintings, white-coated





Negro waiters, and to my unsophisticated eye, something of a cathedral air. It could become noisy enough if an unlucky waiter dropped his tray, or the football team won, or a pretty girl appeared in the gallery to watch the animals eat.

### More expensive living

BUT as a rule it was decorous and dignified, and here I acquired an added liking for some of the subtly expensive ways of gracious living. The food cost more than at Randall. We paid by the week, and if we missed a meal there was no refund. I rarely missed. Jelly-and-bread economizing became a shameful memory.

As a freshman, I did not see a single football game. But what does a person go to Harvard for? Every year thereafter I bought a season ticket and occasionally an extra ticket for a girl for the Dartmouth or Yale game. Not because I knew girls I wanted to take, but because it was the thing to do. One

Early in my junior year I joined a club, not a very expensive one, but dues and initiation cost cash money, if paid; and one thing I pointed to with pride was that I never left a bill unpaid if somebody gave me the cash to pay it. I remember one of the club dances, somewhere south in Brookline. The girl I took lived on the North Shore. Obviously bad management! The taxi cost me \$20, to say nothing of flowers, favors, food. Some modern father may object to calling this spending, but I insist that, with what I had, I did my best.

Someone may say there was no harm in these things I spent money for. I agree. I'd want my son to live and eat properly, go to dances and games, find *The Harvard Crimson* outside his door . . . if he felt these things were within his means. The point is that my en-

awards were announced, I found I had drawn one for only \$150. Much less than I had hoped for. Afraid I might not be able to come back, almost in tears from self-pity, I went to see Dean Hurlbut. He listened patiently, gave me a scare, but promised to see what he could do. And in due time a scholarship for \$200 was found for me.

Five minutes' talk: \$50. I didn't consciously make the hook-up; but I did subconsciously. Easy money! A virtuous conception of hard cash was undergoing evolution.

As a junior and senior, I enjoyed scholarships of \$250 and \$200, respectively. The total received from these sources, plus a prize, and my modest savings and casual earnings, was about \$1,600. This was practically half of what four years cost me at Harvard in the modest years 1908 to 1912. The rest came out of Dad's overall pocket.

I began going to that well rather often in my sophomore year. Thereafter my demands grew. I was not utterly conscienceless, but sometimes I know I was peremptory. I had to have it! And Dad never let me down. Not once. I did not count that a minor miracle then, but now I know. The only admonition I received was to make each check go as far as possible. Sending his boy to Harvard was a fine achievement for a poor machine tender earning less than \$1,000 a year. But for the poor man's boy? . . . Dad's cash, when I got it, was easy money too.

### Poor training in finance

PSYCHOLOGISTS may call it damned nonsense, but I have a theory that the years from 14 to 20 are as critical financially as they are biologically in a boy's life. What he learns or mislearns then about money, he tends to carry with him most of the way. He is at the right age to comprehend and appreciate money. There are so many things his expanding personality needs money for.

If they are better advised, they begin to learn that self-support, including family support, is a man's fundamental duty—that to earn money for this purpose and use it intelligently (or if one inherits wealth, to conserve it) is to be a financial success—that to do less is to be a financial flat tire. By the time a man casts his first vote I believe he ought to possess a fair assortment of right ideas about the rules for using money.

The point I am driving at is that I, *cum laude* and all, gained no such ideas at college. Instead, some fairly sound ideas on the subject were turned topsyturvy.

I believe that colleges continue to yield this bitter fruit year after year, unknowingly or unheedingly, or perhaps feeling, virtuously, that nothing

(Continued on page 74)



The girl lived on the North Shore. The taxi cost me \$20 to say nothing of flowers, favors and food

year I went to New Haven to sit beside a pretty New Yorker, the friend of a friend, and watch Ted Coy tie us. Which was a licking that year. I have the girl's bread-and-butter note, which was the last I ever heard of her.

As a freshman I did not take *The Harvard Crimson*. After that, however, I was a faithful subscriber.

Environment bred in me the feeling that these things were necessary and I must have them; and somebody would pay for them. Somebody else; not me.

College at the end of my freshman year taught me a lesson it never meant to. There were many scholarships and I counted on getting a fat one. But my grades were not so hot, and when the



# The Factory is Part of the Product

By ALAN H. GILLMORE



**MODERN industrial buildings, designed for specific purposes, enable many manufacturers to turn out better goods at lower costs**

**C**OMPARING exteriors of typical modern industrial buildings with similar older structures, even an untrained observer would notice at least two differences, one or both of which will set the average plant of the future even farther apart from its predecessors. In general, the modern group is lower and more expansive. It has more windows. The observer might note also that many modern plants have gone suburban compared to older factories nearer the downtown areas.

Trained eyes detect many less apparent variations between old and new. The obvious modification in exterior form is matched by alterations within.

Straight line production, which reduces costs per unit of manufactured goods is, of course, the force back of

all the innovations. Automobile companies early led the way through engineering studies—designed to produce plant layouts which would reduce operations to their essentials. Manufacturing costs which are rising today in some industries, due in some cases to discouragingly lowered production with the same personnel and equipment as formerly, can be passed along

just so far. Therefore the manufacturers must stalk wary profits within the confines of their own factory preserves. It follows that conferences to uncover better production methods often focus upon the type of building best fitted to house improved equipment and cooperate with it to keep cost indicators within the safety zone.

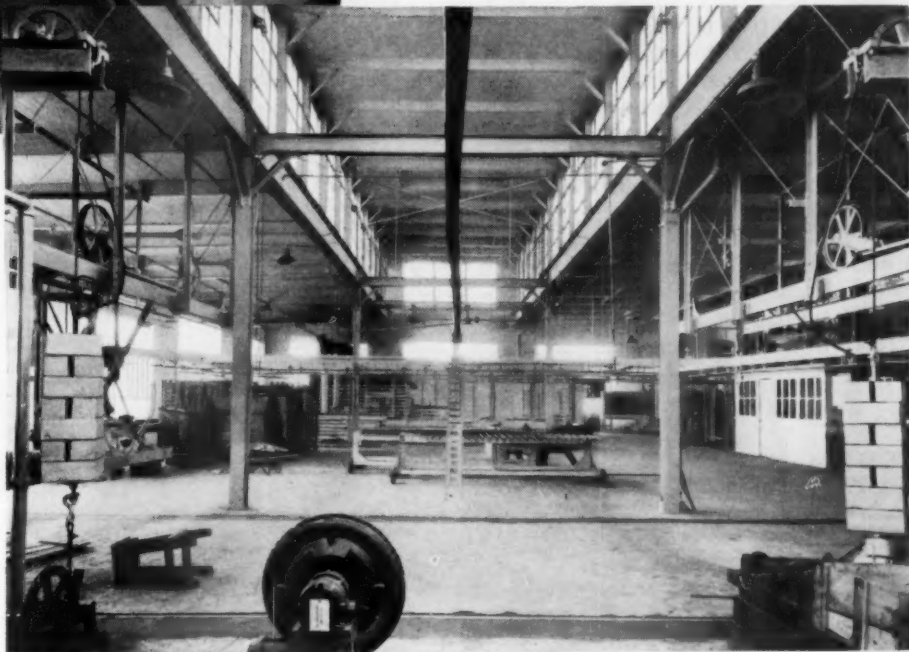
In modern thinking, columns may



SYMES & OLDS

Because of its high ceilings, this building has storage capacity on one floor equalling two floors of structures not designed to utilize modern equipment

A modern paint job means cheerful illumination in a plant where semi-darkness was a constant danger



cause much concern even though they need no repairs. The columns constitute a dam in the flow of production. Plant engineers and construction men agree that tomorrow's structures will be notably free from these obstructions. Straight line routing of materials through processing to storage or loading dock demand this flexibility. Beyond that, one item alone may justify the flatter type of building in some industries. Plants which hug the ground create no problems in hoisting and lowering which may result in what one manufacturer aptly calls "bottle necks."

The lower building lends itself naturally to two modern kinds of factory transportation, the powered industrial truck and the overhead crane or conveyor system. The overhead systems need level space for heavier operations. While it is entirely practical for a powered truck to be lifted from ground floors by elevator or lift itself by ramp, nevertheless another element of expense is incurred and handling is slowed down. This is not necessary when the truck picks up its unit load and speeds away on the same floor to another process, storage or shipping.

#### Economy on the ground level

IN a plant with few obstructions, trucks have less dodging to do, less accelerating and decelerating.

The more floors, the more support needed, is a truism. Add the fact that ground level construction frequently costs less originally, and the reason for the increase in the lower type, obstruction free building is apparent.

Old plants are in eclipse as compared to their modern competitors. Windows in the older buildings are sometimes inadequate merely because it was impractical, with earlier construction methods and materials, to make them wide enough. It is doubtful also if construction and plant engineers who de-

veloped many gloomy plants still in use realized how much improvement in quality and ease of workmanship results from adequate day lighting.

Whether windows will be in walls or whether other kinds of daylighting are needed, the manufacturer in tomorrow's plant might eliminate window washing, and still receive more daylight than can filter through tiny clean windows into older structures. Saw tooth lighting is usually built five lights high today, as compared to three lights formerly, giving a five light high strip of daylight illumination limited only by the size of the building. Side walls in many types of operations will be of metal and glass increasingly. Already, a glance at certain recent plants gives the impression of solidly glazed walls.

For dark days or night work, the modern lighting engineer puts the advantageous number of artificial foot-candles at almost any spot, with a quality of light best suited for the operation. Combination mercury vapor and mazda type of overhead lighting will, in my opinion, increase steadily in favor since it provides at low cost both

the quantity and quality of light needed in the average shop.

Tendency should be more and more toward the use of light colored inside paints for added illumination. A typical installation is white on inside walls and underside of roof, while columns are gray with a black dado at the bottom where greatest soiling occurs. Too few manufacturers have learned to accept the economy of high grade paints for this inside work. In the average installation such a painting job should be a good aid to illumination for two to three years, often longer, as compared to poor paint which is dull at the start and demands recoating within a year if it is to serve the purpose for which it was applied.

#### Modern fireproofing

SO FAR as buildings themselves are concerned, modern materials in most cases have brought their own fireproofing with them. Where contents or operations present fire hazards, tomorrow's workmen and goods will be protected by built-in "sprinklers" set

(Continued on page 67)



Daylighted almost to the ground, this new plant has wide column spacing and built-in conveyor. Compare it with the dark old section visible at right



The increasing tendency is toward separate office buildings replacing old type of offices tucked away in a corner of the plant



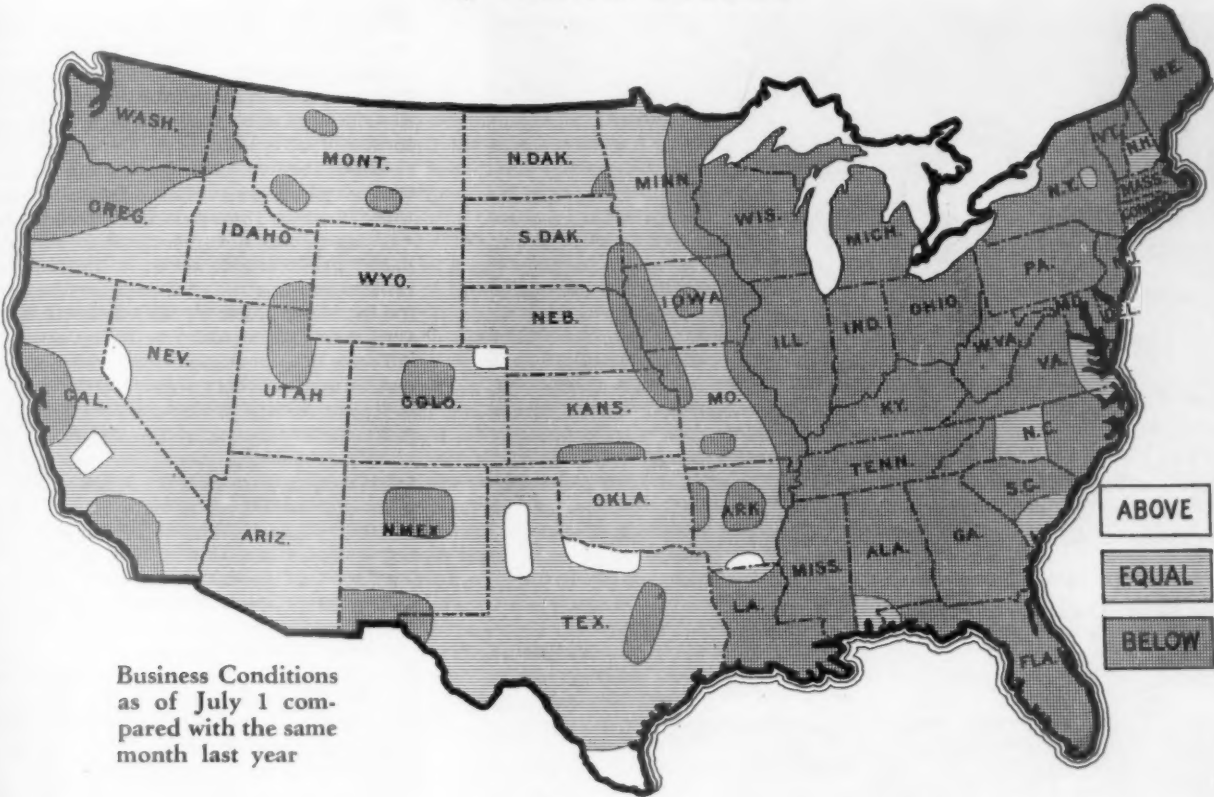
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# The Map of The Nation's Business

By FRANK GREENE



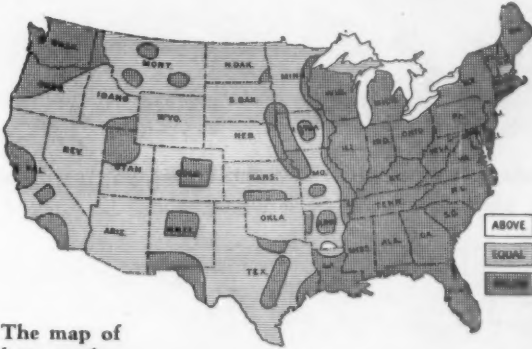
Business Conditions  
as of July 1 com-  
pared with the same  
month last year

JUNE closed on an optimistic note, largely owing to sharply rising security and commodity markets. Stock market advances spurred active buying, especially in cotton, other textiles and rubber. Non-ferrous metals, notably copper, advanced in price on reported large scale buying.

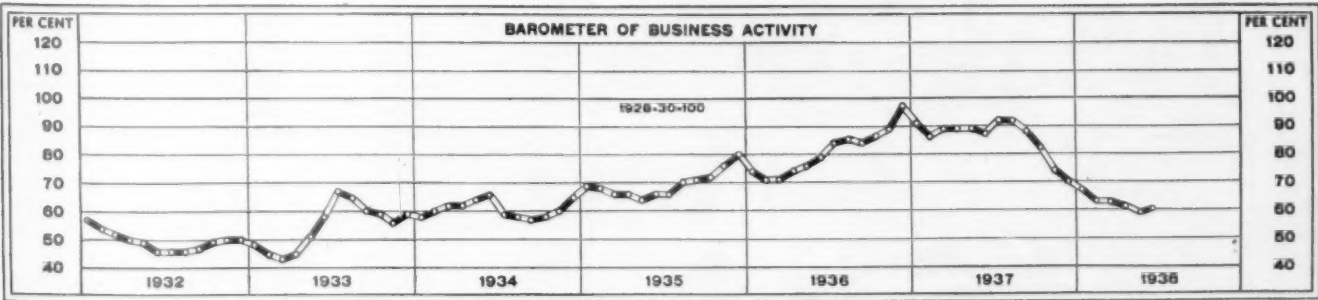
Radical steel price reductions resulted in a rise in mill activity above 28 per cent of capacity. Automobile sales reduced stocks but output changed little. Farm machinery manufacture was curtailed to avoid burdensome inventories. Electricity production remained at 1936 levels. Improvement was apparent in the oil industry.

Wholesale and retail activity improved moderately. June department store trade was off 13 per cent, a slightly better showing than for May. Failures increased 57 per cent, while bank clearings and debits were down about 11 per cent from last June.

A feature of the reports for June was the frequent mention of improvement over May, thus shortening the decreases from a year ago



The map of  
last month



BASED ON INFORMATION SUPPLIED BY DUN & BRADSTREET, INC.

A slight upturn in the business activity chart line during June interrupted the steady downward trend that started last September



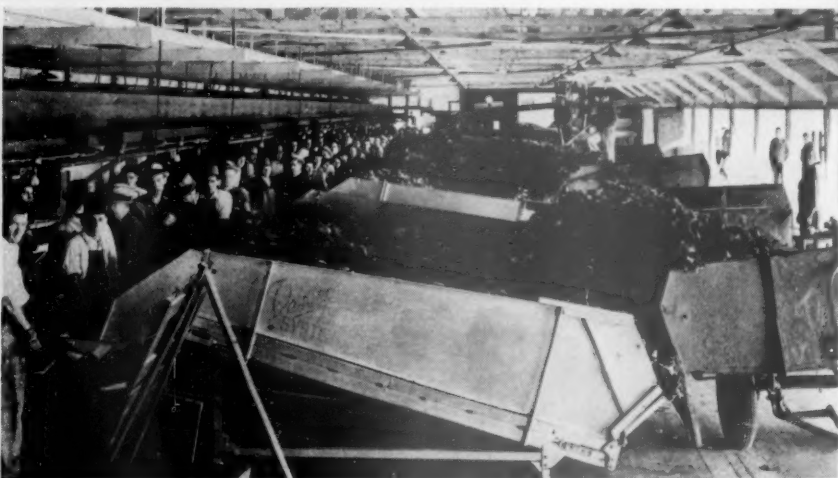
# Lettuce Growers Adapt Mass Production



One of the first steps in mechanization of vegetable growing. A tractor pulls 24-foot harrow to break up crust formation



Lettuce is cut and piled in metal crates which will later be rolled from truck onto warehouse floor where it will be packed



Lettuce is delivered into these metal bins which are tilted upward to facilitate its delivery into cleaning and packing lines

**MASS PRODUCTION** and distribution of many varieties of fresh fruits and vegetables such as lettuce and melons owe a large part of their impetus to the establishment of buying and distributing subsidiaries which were set up by independent and chain food stores.

When the food chains originally branched out from dry groceries into the fresh fruit and vegetable business they soon organized mass buying subsidiaries as a supplement to already established procurement services. In answer to this centralized buying challenge several groups of independents such as the National Retail Grocers Association and the Independent Grocers Alliance developed their own warehousing facilities through grocery wholesalers or by entering into contractual relations with existing produce wholesalers who agreed to supply their needs.

As a result of this movement, there came greater centralization of buying and greater price and quality competition. To meet the demands and problems of mass buying, growers of fruits and vegetables banded together in various types of producer organizations in practically every section where truck and fruit farming was a major enterprise.

One of the most important changes resulting from this combination of circumstances has been the coordination of production, packing and merchandising facilities under large single operating units, which are frequently administered by men who were once growers only.

The pictures reproduced here are from the



Display of named salads in store windows helped increase sales

California-Arizona section where about 25 separate vegetable and melon crops are grown and marketed on a mass production basis. Among the leaders in this variety of vegetable products is commercial lettuce, which last year had a government-estimated value of \$33,767,000, of which 83 per cent was produced in the California-Arizona territory. The only commercial vegetable crop to exceed lettuce in value was tomatoes which were worth \$51,500,000 to American farmers. Other leading fresh vegetable crops were peas, \$25,000,000; snap beans \$21,000,000; onions, \$18,000,000; cabbage, \$16,000,000; asparagus, \$14,000,000.

# n Methods

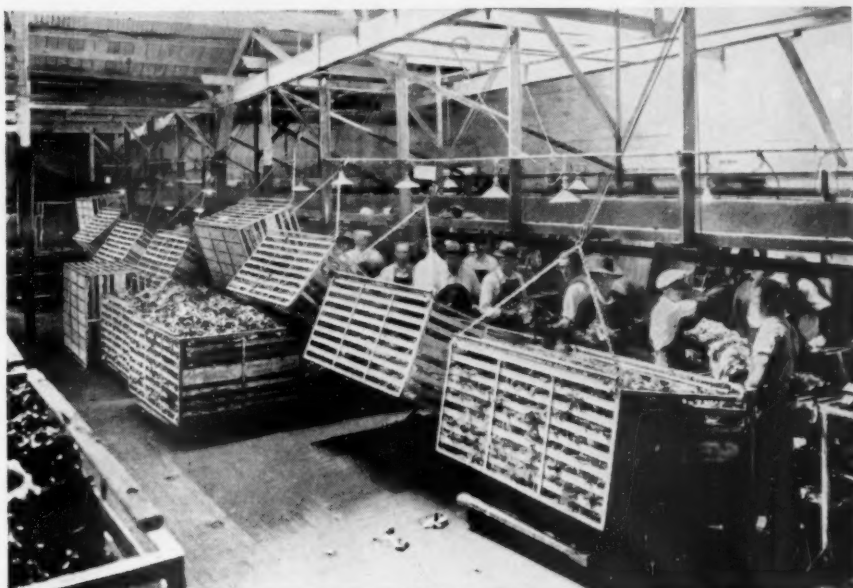
FRUIT and vegetable growers have found the answer to a large part of their marketing problems in organized cooperation and adaptation of large scale producing and shipping practices



Each box is iced separately and each carload is top-iced before it starts on its way across the continent



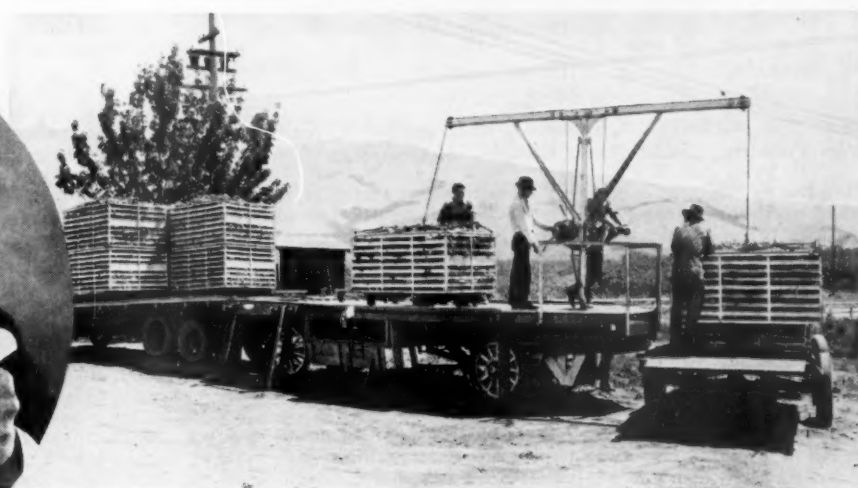
In stores lettuce is displayed in neat arrangement to attract customers



Field crates of lettuce are delivered directly to the cleaning line in warehouses with most modern equipment



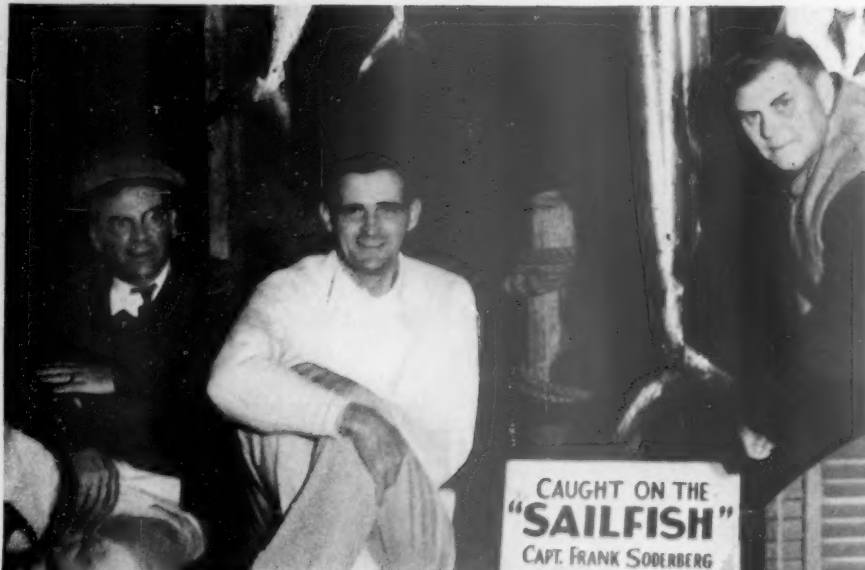
Leo Carrillo, actor, helped popularize selling campaigns



Full crates are transferred to trucks with aid of a movable platform



## Business Men Say...



Clem D. Johnston (center)



WIDE WORLD

Saul Cohn

**CLEM D. JOHNSTON**, President, Roanoke Public Warehouse  
Vice President, United States Chamber of Commerce

"We have developed a business system where virtue is its own reward and where fraud or deception or sharp practice almost inevitably bring about a punishment in loss of standing greater than any punishment imposed by law. Business is cleaning its own house more effectively than it could possibly be done by legislative fiat or through bureaucratic administration."

**SAUL COHN**, President, City Stores Co. and  
National Retail Dry Goods Association

"Both large and small retailers should take a firm stand against taxation which has as its objective the destruction of any type of business. While certain proposals might appeal to some retailers as a means of easing competition they will at the same time be encouraging a method of business control of which they themselves may be the next victim. Once tax levying bodies get the impression that retailing is a prolific source for raising tax money, the burden on retailers will be continuously increased."



George A. Rietz



Clem W. Collins

**GEORGE A. RIETZ**

Head of General Electric Rural Electrification Section

"In 1926 there were 200,000 farm users of electricity. Today more than 1,250,000 farms are connected to power lines. In many states between 50 and 90 per cent of the farms are using electricity. But in many sections, because of unfavorable factors, the percentage of electricity users is much lower. City people are helping support farm lines in most sections. Farm lines are generally not self-supporting. We would be misleading farm families if we allowed them to believe that lines will soon be built to bring electric service to all."

**CLEM W. COLLINS**, President  
American Institute of Accountants

"Accountants consider it unethical for a certified public accountant to report on a company in which he is interested, the obvious reason being that, where self-interest lies, a disinterested report cannot be expected. Governments which audit and report upon their own accounts cannot be expected to render disinterested reports. It is just as important, and in many respects more important, that government-controlled enterprises, and government departments themselves, be audited by independent certified public accountants as it is for private businesses."





# Has It Come to This?

By MANNEL HAHN

A REPORTER discovers a fact that politicians have overlooked: If you make the taxes high enough, you deprive men of the incentive to make money to pay them

THIS is no tale of Big Business. There isn't a million dollars in the whole set-up. It's just the observations of an enterprising reporter who gets around.

It began some time ago—about two months, to be exact—when he dropped into an advertising man's office in search of a story. It wasn't a big office: it employed at that time just 15 persons of whom the boss was the spark plug. It was a sort of personalized office, too, where the services were of a peculiar kind—perfectly legitimate and ethical, but impossible to explain without telling just who it was—and no reporter ever does that.

The Big Boss was sitting in his swivel chair, the door of his office open.

"Come in," he roared, and set forth refreshment.

"Landed a big contract?" hazarded the self-invited guest.

## The end of the business

"SOLD OUT," admitted the Big Boss. "This is the end of the agency. We merge with X, Y, Z next week."

"And you a partner," the reporter said, and offered felicitations.

"Not at all," explained the Big Boss. "I'm out. And do you know what I'm doing? I'm selling my house, packing the family into a new car and setting out for California. I've been wanting to retire for years" (he's all of 35) "and go into the antique business. I've got a carload of them out there now, and I'm buying more this week—and it's the life for me."

"But," the reporter expostulated, "can you live on that?"

"With my income," said the Big Boss, "and with my capital in *things*, I can easily net \$5,000 a year. And what's the use of making any more? As I see it, the Government won't let you have any more than that, and I'm going to make \$5,000—and keep most of it—and live on it and like it. I can send the kids to school with that much—I can live well, I can bet a little on the horses, play a little poker, have an occasional drink and be free of worry.

"I'll work half of the time and make a third of what I used to—and have almost as much to spend. Let's drink to it!"

Now, this reporter won't call any man a fool who started from scratch and made what this man made, and



"I'm tired working for the Government. I'm going to retire, make a third of what I used to and have almost as much to spend."

he believes that this former Big Boss will be able to make good his boast and his projected income. But the reporter wasn't through.

"What about Jim and Charley?" he said.

To make a long story short, he finally found out—and he has checked it recently—that Jim got another job with the X, Y, Z Company at two-thirds of his old salary for more work and Charley is picking up a little freelance work and growing a little seedier week by week. Marie and Jenny went with the good will and the accounts and the files without missing an hour. Some of the lesser fry also moved over at reduced salaries. Of the eight who were let out with two weeks' salary, three have found new positions and five are looking.

## The city's business is reduced

WHAT does this mean? That a pay roll of between \$400 and \$500 a week has dropped to about \$200 in this community—and that means that retailers in the city are bereft of some \$200 a week in sales.

It also means that an income tax payment of about \$1,000 has shrunk to \$75. A franchise tax of about \$100 is no longer paid.

Chicken feed, perhaps—but is it a single case?

The reporter went to his one Big Business contact—an executive in a big wholesale house, and found that gentleman pretty busy. Somewhere around the first of the year, the executive said, he was retiring—retiring with a competence. Why? Because he was tired of working like mad

for the Government! This sounds like drama—but it's Gospel.

"There's no secret about my salary," said this man. "It was in the papers for everyone to see last year—\$32,166.67. And what have I left of it? I'll tell you—I owe the bank \$45,000.

"It's an involved story. The fact is, I owned a talking share of this corporation. We had built up a fine surplus but the undivided profits tax forced us either to declare a dividend out of all proportion or pay the lion's share of it to the Government. As a matter of fact, we needed every cent of it to stay in business.

### Forced out of business by taxes

"SO WE declared the dividend and issued stock to the same amount, with each stockholder possessing rights to buy the same amount as his dividend.

"But how much of my dividend was left after I paid the Government its share? I'll tell you—I had to borrow the bulk of it from the bank, lest my equity in this business be watered.

"I'm not the worst sufferer.

"Our president actually had either to lose control or go so deeply into debt that he'll never get out—and that's what he's done. Because we—the stockholders—need him.

"So I'm retiring. It isn't worth it to stay in the struggle. I've got my future career mapped out. I'm through—at 58. I'm going to go back to the little town where I was born and start up a little business to keep happy and make enough to see my children through college and it's up to them."

A reporter has to have influential friends, so this one looked up another medium-high-bracket income man.

"What are you investing in?" he asked.

"Tangibles," said the salaried man, quickly. "When inflation comes, tangibles are the only things to have. Common stock equities, antiques, stamps, rugs, etchings—tangibles that do not deteriorate."

"You mean 'if', not 'when'," said the reporter, diffidently.

The salaried man laughed.

"When more inflation comes," he explained. "We have some already. Don't fear, little one—inflation is coming more and more every day. What is our spending spree but a form of inflation? And what are we doing to stop it? Spending more! I said 'when'—and I meant 'soon'."

There was a man on the staff of the reporter's paper in the long ago who made a success of free-lance writing and ended up in Hollywood, of course. He came through town and invited the reporter to a free lunch.

"Going East to work on a play?" asked the reporter.

"Nope—just resting," said the Hollywood writer. "It's not worth while climbing into the next income bracket, you know. I'll work like hell and get the jitters—for a

measly fraction of what they pay me. It will come close to costing me money to work for the next 13 weeks, no matter what they pay me. So I'm going to take a vacation without pay and save money and worry."

As near as the reporter can figure it out, the present situation is driving men to earn less so they can have more.

### Working for the government

IT sounds screwy to him, and it is screwy. But as he circulates about and speaks to more and more men, the answer gets plainer and screwier. Up to a certain point, they work their best to get an income that spells security for the present and security for the future. But what is security for the future? The wise heads say "tangibles"—but not so long ago they said something else, and the reporter is one of those who followed their advice once before and suffered: even as many of them.

But when they reach a point—it may be \$5,000 a year or \$30,000 a year or even, in the financial stratosphere where reporters never get—\$1,000,000 a year, there comes a point where the additional effort seems to bring no additional return. So they begin to let down and slide and follow the road of least resistance.

So long as they themselves break even, it isn't a

matter to worry about—but when the line of least resistance means a reduction of \$200 a week in salaries paid others and additional calls on relief, as in the first case cited, the reporter wonders why the Government holds out such opportunities to slip from under the load.

Each way he looks, it seems that additional taxes mean an incentive to stop making the money to pay them. If a man can get along as well on 26 weeks' work a year as on 52, the reporter is the last one to chide him for "resting." If a man can fire 15 of his staff and still do as well for himself, the reporter cannot blame him for saving the wear and tear on his nerves and vitality—for the reporter is as selfish as the rest of the human race.

### Diminishing returns

ONCE, in a course in economics, the reporter learned about something called "The Law of Diminishing Returns." And the reporter wonders if the economists in high places

haven't forgotten some of these simple laws that, the reporter learned, were natural laws and immutable by act of Congress or new philosophies.

Perhaps the reporter might figure out an answer: but just now he has to go out to the mourners' bench in the outer hall and explain to the coal man why five dollars is the best he can do this month on the January bill, but he'll try to do better next month!



"The struggle isn't worth it. I'm going back to the little town where I was born, start up a little business and keep happy"



# Penny Sales Pay Dollar Dividends

By FRANK HALES ALLEN



First step in making chewing gum is to boil the sap to eliminate the water



EWING GALLOWAY

The chiclero climbs the tree making a connecting series of gashes down which the sap runs



EWING GALLOWAY

Tapped trees yield about 2½ pounds of chicle

**C**HEW, chew, chew, chew; countless jaws all over the world at this very moment are actively at work increasing the profits for the chewing gum industry. A million or more merchants year after year sell chewing gum to meet the persistent demand. But relatively few companies manufacture this familiar product.

Maybe you can explain the popularity of the gum-chewing habit. Your guess is as good as any. Psychologists disagree as to the why's and wherefore's. The fact remains that humans, for some strange reason beyond the need for sustenance, find

satisfaction in exercising their teeth on some durable wad.

Millions of dark-skinned people gratify this craving by chewing betel, cola nuts, or some such masticatory. A century ago Charles Dickens hurled his literary scorn at Americans for the (to him) disgusting prevalence of tobacco chewing. Since then, through the unpredictable shifting of custom (guided no little by clever advertising and sales promotion), we have become a nation of gum chewers.

In case you are one of the shrinking minority who dislike the habit, blame it on that Mexican dictator, Santa Anna. He was the enemy gen-

eral whose army, in 1836, wiped out the Texan defenders trapped in the Alamo. In later years the political hot water of his native land drove Santa Anna to cool his heels as an exile on Staten Island in New York Harbor. On his return to Mexico, he left behind him in a desk drawer a cake of chicle which became the sticky origin of the great American chewing gum industry.

Thomas Adams of Jersey City may not outshine in history that revolutionary firebrand Sam Adams of Boston. But Thomas Adams deserves credit for revolutionizing the nation's chewing habits. Thomas Adams,

whose son served the exiled Santa Anna as secretary, became inquisitive about the unfamiliar chicle which the general chewed with obvious relish. Adams first hoped to use chicle as a rubber substitute. But, failing in this direction, he messed around in his wife's kitchen until he concocted a batch of taffy-like morsels for chewing purposes. The new gum, put on sale at a neighboring candy store, caught the fancy of the townsfolk and the ingenious Yankee, Thomas Adams, prospered mightily in the business of supplying chewing gum for the ever-increasing demand.

Cleveland edged into the chewing gum picture early. William J. White, the proprietor of a small candy and pop-corn business, began making paraffin gum in 1876. Ten years later he put a chicle gum flavored with peppermint (the first so flavored) on the market under the trade name "Yucatan." The popularity of this gum poured so much wealth into Mr. White's pockets that he could afford election to Congress, and certain other gestures of extravagance which set wagging the tongues of local gossips.

Close on the heels of White, another Clevelander jumped successfully into the chewing gum business. Dr. E. E. Beeman, the son of a physician, graduated from Cincinnati Medical College in 1861. After serving in the Civil War, he practiced medicine for 12 years before engaging in the manufacture of pepsin. The Beeman Chemical Company possessed a golden asset: a bright young woman bookkeeper, Miss Nellie M. Horton. She suggested that, since so

many customers bought pepsin for indigestion and chewing gum for no particular reason, why not mix the pepsin and chewing gum together? The result was Beeman's Pepsin Chewing Gum.

The enterprising doctor's bald pate and bushy beard still grace each package of the gum whose popularity has traveled far beyond the borders of Ohio to the most remote regions of the earth. He rewarded Miss Horton with valuable stock.

### Merger of companies

AT THE turn of the century, when mergers were the style, a flourishing group of independent manufacturers—Adams' Sons & Company, Beeman Chemical Co., W. J. White & Son, Kis-Me Gum Co., and S. T. Britten Company—pooled their resources in the American Chicle Company, with W. J. White as president.

Meanwhile, an irrepressible young upstart from Philadelphia was barging uninvited into the gum game. His name was William Wrigley, Jr.

Son of a Philadelphia soap manu-

facturer, and eldest of nine children, William Wrigley, Jr., must have been an exasperating, if lovable, young devil. Expelled from school time after time, he ran away to New York City when he was ten years old. He sold papers, ran errands, slept where he could and lapped up all the excitement possible for a small boy on his own in a strange city. When he tired of it, he returned home.

At 13 this prodigious youngster, after final expulsion from school and a brief soap-stirring period in his father's factory, decided he'd rather sell the stuff than push it around in the vat. The senior Wrigley consented. The youngster went on the road. Soon the orders rolling in showed that the boy was a natural-born salesman.

Some few years later in Chicago, where William, Jr., had opened a sales office for his father's soap, he struck upon the dealer-premium idea which was to underlie subsequent success. Wrigley's soap moved slowly at five cents a cake, with only a small profit margin for the dealer. So William, Jr., upped the counter-price to a dime



EWING GALLOWAY

Chicle is usually white although sometimes it has a reddish tint after the water is removed



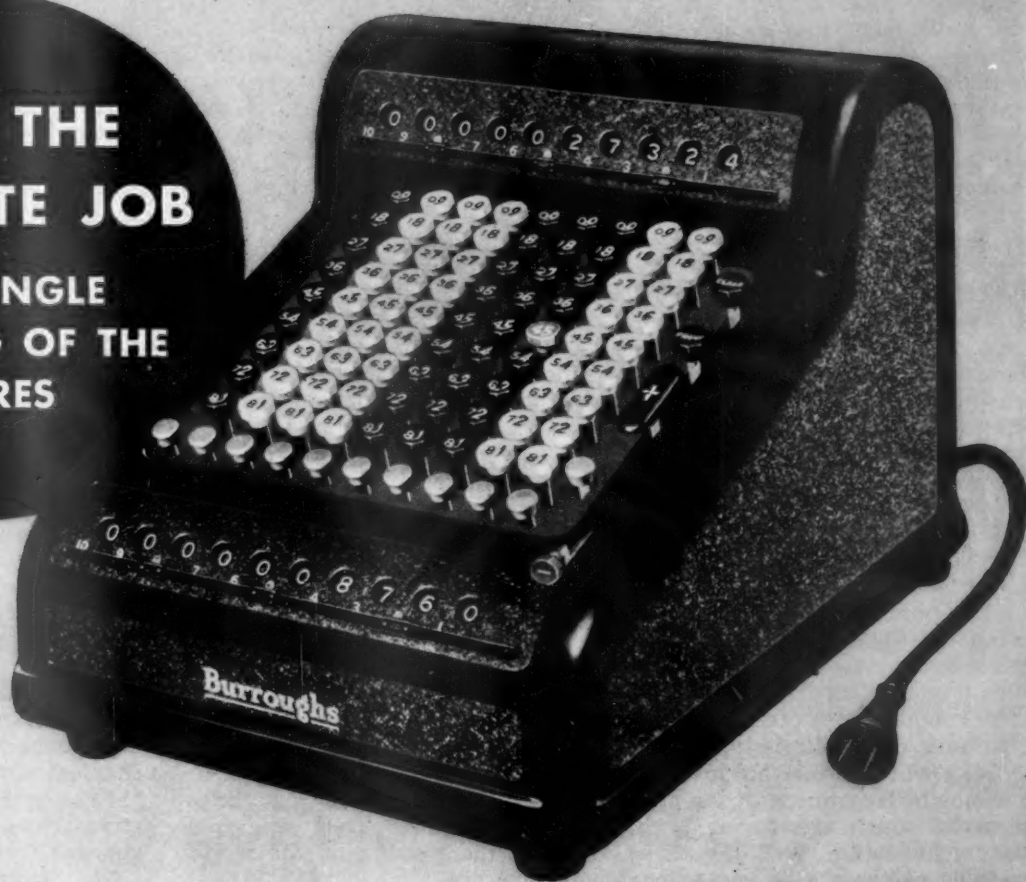
Before shipping, chicle is cast in 20 pound bricks. Difficulty of obtaining it reduces the number of gum makers



# Burroughs

## ELECTRIC DUPLEX CALCULATOR

**DOES THE  
COMPLETE JOB  
IN A SINGLE  
HANDLING OF THE  
FIGURES**



This new Burroughs Electric Duplex Calculator—complete with direct subtraction and two sets of accumulating dials—saves needless steps in handling any accounting job. There is no second handling of the figures—no time or effort wasted. The two following examples illustrate typical savings:

### INVOICING

It calculates the extensions and accumulates the results into a grand total; computes the discount; and, at a touch of the minus key, subtracts this discount from the gross to give the net result . . . all in one handling of the figures.

### PAYROLLS

Computes the gross pay of each employee; totals various deductions; and, at a touch of the minus key, subtracts this total from the gross to give the net pay . . . all in one handling of the figures.

Other calculating jobs can be handled with equal speed and simplicity. For a demonstration—or full information—telephone the local Burroughs office.

**BURROUGHS ADDING MACHINE COMPANY**  
6108 SECOND BOULEVARD, DETROIT, MICHIGAN

## INDIVIDUAL TOTAL

or the Result of a  
Single Calculation

## IN LOWER DIALS

Any amount in lower dials  
may be added to, or sub-  
tracted from, the amount  
in upper dials by touching  
the plus key or minus key

## GRAND TOTAL

or the Net Result  
IN UPPER DIALS

and, as a special inducement, offered the dealer an umbrella with every box as a premium.

When William Wrigley, Jr., finally veered into gum manufacturing, it was via the premium route. Premiums still play a major part in persuading dealers to boost Wrigley's sales.

### Grandiose advertising

THE other barrel to Wrigley's shotgun was advertising. "Tell 'em quick, and tell 'em often" was his motto. Some of his flamboyant advertising stunts seemed extremely reckless. In those early years he risked \$100,000 in advertising to crash into the New York City market. He failed. He tried it again with another \$100,000. No better. But after bountiful success in northern New York State, he gambled a quarter of a million in advertising to win over the stubborn metropolis. This time he did it. By 1907 he was spending \$1,500,000 in a single New York City advertising campaign.

Before his death in 1932, William Wrigley, Jr.'s, giant company reputedly was selling 60 per cent of America's chewing gum.

Canajoharie, N. Y., bred the third company of the Big Three in the chewing gum industry. Perhaps there is something in the Mohawk Valley air to inspire greatness. The mighty Iroquois Indians breathed it and ultimately conquered all the tribes from the Atlantic to the Mississippi. Later, in 1890, a white farmer lad breathed the same air, fragrant with the hickory smoke which was curing prime hams for his father. With the aid of some able partners, this young man started a small packing business which eventually grew to be the prosperous Beech-Nut Co. And chewing gum became its chief profit.

Beech-Nut, under the capable direction of Bartlett Arkell, was a thriving producer of high-grade foodstuffs when it branched into gum. Frank Barbour, an industriously successful passenger agent who had married Bartlett Arkell's sister, was persuaded to leave the railroad and take charge of the new line.

The new venture was not undertaken without some inside knowledge of the chewing gum industry. Bartlett Arkell's brother had taken part in the formation of the American Chiclé Company.

Young Frank Barbour traveled to Belize, among the chiclé contractors, to scout out the raw material. In due time the spic-and-span Beech-Nut factory was turning out chewing gum and selling it. Selling it, surprisingly enough, in such quantities that it ran neck and neck with American Chiclé as the two closest contenders with

the phenomenal sales of Wrigley.

If our government, in one of its more fantastic moments, should suddenly prohibit the sale of chewing gum, there is little doubt that hidden kettles all over the land soon would be bubbling merrily to carry on a vigorous bootleg trade. And, like bootleg whiskey of past years, the quality would be poor and the price high as compared with leading brands now on sale.

There is no great mystery in the composition of chewing gum. Sugar constitutes from 50 to 70 per cent of the finished stick's weight. Here is a typical formula: Gum chiclé, 3½ pounds; balsam tolu, two ounces; sugar, 12 pounds; flavoring extract as desired.

It sounds simple. But manufacturers have developed the commercial production of chewing gum to a fine and delicate art. And the difficult problems of obtaining an adequate supply of the prime ingredient, chiclé, tend to prevent newcomers from muscling into the business.

Chiclé itself comes from a fairly limited section of the tropics—Central America and Mexico. The sapodilla or naseberry tree is a beautiful evergreen which grows to a majestic height. It produces one of the most delicious of tropical fruits. After its white flowers have shed their petals, each former bloom gradually transforms itself into a large rough fruit three or four inches in diameter. The translucent yellowish-brown flesh tastes wholesome and sweet.

Not the fruit, however, but the sap of the sapodilla tree, as chiclé, reaches the mouths of the world's gum chewers.

### A product of the jungle

EVERY year during the rainy season when the sap is right native sap-gatherers, or chicleros, brave the dangers of the jungle to collect the raw material for chewing gum. The trees themselves are, with few exceptions, scattered through the forest in their wild state. Little progress has been made in domesticating them because 70 years must pass before a tree is mature enough to tap. Even then, the tree requires a resting interval of six years between tappings. Yet some of these regularly tapped trees were standing straight and tall when Columbus arrived in the New World.

The chiclero, as a rule, has a reputation for hard work, cheerfulness, and cleanliness. He usually has a flare for gay clothes, and is likely to spend his hard earned money quickly and then borrow on his prospects for the next rainy season.

His feet armed with spikes, and with a rope from his waist circling

the tree trunk (much as a telephone lineman), the chiclero steadily climbs and swings his keen machete to gash the bark in an ascending series of cuts which slant into a connecting channel. Down this the sap runs to collect in a rubberized canvas bag fastened at the base. Each tree yields about 2½ pounds of chiclé at a tapping.

Six hours drains the tree. The sap then is emptied into a pot where it boils under watchful eyes. The creamy-white or sometimes reddish sap slowly boils down and loses most of its water content. At the critical moment, the hot liquid is poured into molds to coagulate. The resulting bricks of chiclé weighing about 20 pounds each are then sent on their long journey out of the wilderness.

### Expeditions for chewing gum

BELIZE, British Honduras, is the principal headquarters of the contractors who organize and carry through the chiclé gathering expeditions. Wrigley has its independent organization for obtaining its supply of chiclé. Beech-Nut and American Chiclé have combined their interests in this respect. Their joint subsidiary, Chiclé Development Company, manages the production and importation of crude gums for these two rival manufacturers.

The actual manufacture of chewing gum is practically the same for all big producers, except for minor mechanical advantages which one may have over the others in certain operations; and of course the jealously guarded formulas of each brand.

The canvas-wrapped blocks of crude chiclé arrive at the factory. After a careful inspection for quality, the chiclé is in turn crushed, dried, liquefied by heat, forced by air pressure through fine filters to remove impurities, then mixed with corn syrup, cane sugar and flavors (peppermint, spearmint, licorice, clove, cinnamon, etc.).

The dough-like batch of gum is kneaded by machines to a smooth texture and finally reduced by step-down rollers to a fragrant ribbon which automatic scoring or slicing knives cleverly cut up into sticks. These accumulate in trays ready for wrapping.

Throughout the later stages, powdered sugar has been dusted copiously on the gum to prevent adhesion. Machines wrap each stick individually, and five-stick packs collectively in their characteristic materials, depending upon the brand—waxed paper, foil, colored wrappers, Cellophane.

The dealer-size carton of 20 five-  
(Continued on page 68)





## If it weren't for this book...

**A**WARDED an honored place in millions of homes all over the United States and Canada is a little book.

It is a premium receipt book in which an agent personally records small weekly premiums—frequently only five or ten cents—paid by persons of modest means for life insurance.

These people buy life insurance just as they do other necessities—in small amounts. If weekly premium insurance were not available, millions of them could afford no life insurance at all.

"Industrial insurance," as this type is called, is somewhat more expensive than other types of life insurance because it costs any insurance company more to handle. For example, company agents make regular calls at the homes of industrial policyholders for the collection of premiums. Under an industrial life insurance policy on which premiums are collected for twenty years, an agent may

make over a thousand such calls.

And the death rate of industrial policyholders is 40% greater than the death rate of those having standard ordinary policies—a fact which necessarily makes industrial insurance cost more.

Throughout the years, consistent progress has been made in liberalizing the terms of industrial insurance policies and providing more benefits for less cost. For instance, more than ten years ago Metropolitan introduced its Monthly Premium Industrial policy to reduce the cost for policyholders able to pay on a monthly basis.

Apropos of these efforts, the Insurance Examiners of the State of New York, after recently completing an examination of the Industrial Department of the Metropolitan, made this comment:

*"As at present operated it (Industrial insurance) grants insurance at a cost low enough to compare favorably with the cost*

*under Ordinary insurance and is broad enough in scope to embrace a very considerable portion of the total population."*

In 1937, Metropolitan paid \$234,266.144 to Industrial policyholders and their families. In their hour of need, these people of modest means found the little premium receipt book a friend indeed!

COPYRIGHT 1938—METROPOLITAN LIFE INSURANCE CO.

*If you are interested in further information about Industrial Life insurance, we will be glad to send you a copy of the booklet, "Industrial Life Insurance."*

### Metropolitan Life Insurance Company

(A MUTUAL COMPANY)

Frederick H. Ecker,  
Chairman of the Board  
Leroy A. Lincoln,  
President

1 Madison Avenue, New York, N. Y.



# Washington and Your Business

By HERBERT COREY

## This Cloud Is Silver Lined

O'Mahoney, Borah, King, Sumners and Reece are primarily interested in the underlying problems and are not out to bring in a string of big fish. It is true that the executive end of the double-barrelled committee has four-fifths of the half million dollars to spend. It is also true that the legislators named would be as wild as henhawks if they thought the executive end were trying to make them stooges for politics.

## Maybe They're Not Wolves

William O. Douglas, chairman of the S.E.C., seems to have convinced Wall Street that he is fair. Jerome Frank, named as his alternate on the O'Mahoney committee, may be a trifle wall-eyed about Business but those who know him well insist that he is not politically minded.

Thurman Arnold came into office in a red aura shot through with black smoke but, since business has gotten better acquainted with him, he is rated as tough but more of a lawyer than a redeemer. Herman Oliphant speaks for Morgenthau, of course, and the Secretary of the Treasury said recently that "only a beginning has been made in reforms," but Oliphant is not in such good standing on Capitol Hill since he wrote the recently amended tax bill. Leon Henderson, secretary and stage manager of the technical staff, is a fact-mill. He is not interested in hanging any one's hide on the fence. His ambition is to discover (a) if there is a hide, (b) why, (c) is it a good hide and (d) who owns it. Business will get along better with the committee if it cooperates, of course.

## Doubt Casts a Shadow Here

"A senator," he said, "made me do some things I didn't want to do. But it is all right. I had two stenographers take down our conversation on two extension phones. That's what I always do with senators."

## Blaisdell Is Hot on Facts

One chief investigator did that and presently he rated a job on the bench. Blaisdell is a hearty, defiant, energetic man who neither believes that bigness in business is always a curse nor that competition is always a good thing. Mostly he just wants to know. Forty-two years old, he has been a lot of things in a lot of places. Not as much interested in the salary as some folks have been, because he can always get another salary and probably a better one somewhere else.

THERE are times when this department is a sucker for the politicians, but it cannot bring itself to believe that the so-called anti-monopoly inquiry offers a danger to business.

IT IS a better story, of course, to show the committee as determined to burn the shirts off business men, but this naive corner of NATION'S BUSINESS refuses to believe it. Wil-

SOMETIMES it is hard to maintain this note of cheery optimism. A friend is at the head of an important government bureau:

"A senator," he said, "made me do some things I didn't want to do. But it is all right. I had two stenographers take down our conversation on two extension phones. That's what I always do with senators."

BACK to the O'Mahoney committee. The chief investigator for the Securities Exchange end is Thomas C. Blaisdell, Jr. A chief investigator can, of course, shape his facts to his

## Another Sour Note Sounded

"I hire one girl for \$3 a week," said the merchant. "So I should keep books to pay the Government six cents a week. I won't do it."

"You can't get out of it."

"Is that so?" the merchant barked. "Hey, Nellie. You're fired."

## Secluded Little Hot Spot Here

thunder of the big bass drum. Yet it may prove to be of immense importance. Martin used to be a sales manager. Now he says that:

"A sales manager must have the training of a Philadelphia lawyer to grope through the maze of laws."

He holds out little hope:

"If this trend toward minute state regulations continues, the job of merchandising on a national scale may take on much the aspect of dealing with 48 foreign countries."

## New Mason and Dixon's Line?

ON the one hand the federal Government is trying to take the water power of the states, like Hitler took Austria. On the other the states are fighting back. New York State Attorney General Bennett has reported that federal taxation of N. Y. Port Authority bonds would be unconstitutional and other state attorneys general are falling in line. There are hints that, if state authorities can be taxed by the federal Government, federal authorities such as the T. V. A. can be taxed by the state. Heigh-ho, heigh-ho, off we go for Gettysburg.

## Cover Goes in for Calm

ASSOCIATED with Martin in the inquiry into marketing laws is Dr. John H. Cover, on six months leave from the University of Chicago, an author and business man and, like Blaisdell of the O'Mahoney committee, entirely interested in facts. It was Cover who prevailed on Dr. Arthur E. Morgan during the more luridly sociological period of the T. V. A. not to issue T. V. A. money for use in the Valley. This department regrets that Dr. Cover succeeded in this, because it cherishes laughter.

## Francis Biddle on the Spot

ANY one who can do all the things that Tommy Corcoran is said to do would have to be a swarm. Just now he is charged with making Francis Biddle of Philadelphia the counsel for the T.V.A. investigating committee, and if so, what? Biddle is not any one's echo, so far as the record shows. He has said that he proposes to find out whether the T. V. A. yardstick is an honest one and it is fair to presume that he meant what he said. If he were to try to hide anything he would run crosswise of Chairman Vic

ONE of the Social Security field men pointed out to a merchant that if he did not pay his pay roll tax the Bureau of Internal Revenue would get him:

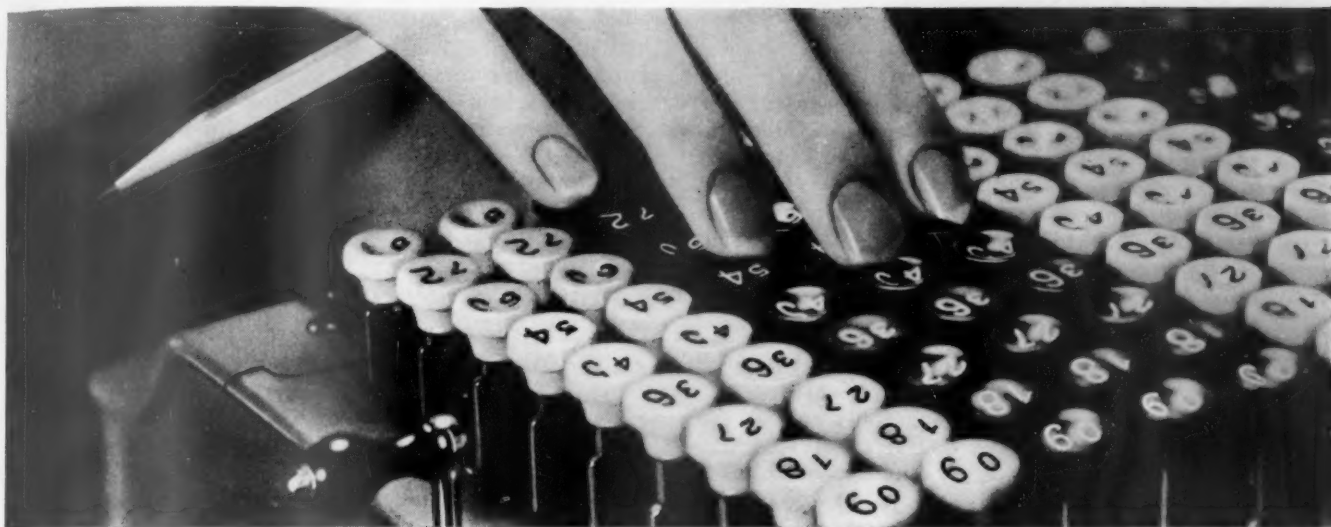
IT was something of a surprise to discover that a Survey of Marketing Laws is going on under Director A. H. Martin. Any publicity it might have received was drowned in the

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Greater speed of the Comptometer, without sacrifice of accuracy, is simply a matter of one operation as opposed to two. Ordinary machines require that keys be pressed, then lever pulled by hand or motor-operated. With the Comptometer, the entire

operation of adding, subtracting, multiplying or dividing is completed by pressing the proper key or keys. Seconds saved by the elimination of the second operation quickly mount up to precious minutes, hours . . . and dollars.

## COMPTOMETERS keep Eastman Kodak Co. figures "in focus"



Every business is a picture in figures. Those figures should be as accurate and sharp-focused as an expert photographer's print. "Hazy" figures may well lead to "hazy" decisions—and "blurred" profits.

In the manufacturing plants and offices of the great Eastman Kodak Company, *more than 100 Comptometers* are used for handling such important figure work as production, costs and payroll, inventory control, general accounting and statistical work.

Tribute to Comptometer methods is the fact that Eastman Kodak Company has used Comptometers since 1908, found them accurate, efficient, and flexible enough to meet rapidly changing business conditions over three turbulent decades.

THE MODEL J COMPTOMETER



No thinking person can "laugh off" the fact that so many progressive businesses have adopted Comptometer methods. For a demonstration in your own office, on your own job (without obligation, of course), telephone your local Comptometer representative, or write direct to Felt & Tarrant Mfg. Co., 1712 North Paulina Street, Chicago, Illinois.

# COMPTOMETER

Reg. U. S. Pat. Off.

Donahey, Senator from Ohio, a war-like old auditor to whom facts are the breath of his nostrils.

### What Kind of Move Is This

MEANWHILE the T.V.A., which was stubborn and noisy while Arthur Morgan and David Lilienthal were in each other's hair, has unexpectedly turned slightly soft. It recently allocated 40 per cent of the allocable cost of multi-purpose dams to power, which is more than Wendell Willkie dreamed of in his dreamiest moments, even if not enough to please him. This is in defiance of the Federal Power Commission, which only gave 32½ per cent to power at Bonneville. The T.V. Authority, too, charged the whole allocation, pending the installation of maximum generating capacity, while the F.P.C. only allotted one-fifth of the 32½ per cent because only two of the ten generators have been installed. But the T.V.A. still refuses to allow the cost of interest during construction, although private power companies would have no option.

### You Wouldn't Believe This

LOWELL MELLETT, director of the National Emergency Council, with the assistance of a vast number of eminences, is trying to find out what, if anything, is the matter with the South. More words have already been written on this subject than about the World War, and it offers a grand opportunity for an investigator to get into difficulties. Persons with memories will recall that Miss Secretary Perkins spent all her waking hours for months trying to forget something she said about shoes. However, Mellett learned caution in the hard school of managing-editing, and should be fairly snake-eyed. When he was running the Washington News that paper was once sued for \$50,000 or some such sum by an infuriated southerner who had taken out his false teeth for ease and parked them in his hip pocket:

"But why sue?" asked Mellett. "You did, didn't you?"  
 "Yes," screamed the injured man. "But you printed that they bit me!"

### Proofs and Not Yowls Wanted

REPRESENTATIVE Rankin, one of the firmer believers in T.V.A. yardsticks and the like, recently said that the customers of New Jersey's utilities had been gouged \$50,000,000 in a single year. Whereupon President Bacharach, of the New Jersey P.U.C., showed that the gross income of the utilities in 1937 was \$91,654,000, out of which \$18,000,000 went for taxes and more than \$40,000,000 for operating costs, depreciation, maintenance and the like. If Mr. Rankin's \$50,000,000 were to be deducted from the \$33,654,000 which remained as a return on the investment, a minus quantity of \$16,000,000 would be left.

### Handing Out a Boutonniere

IF and when the dispute between the railroads and the Brotherhoods gets into the hands of the National Board of Mediation, a surprising thing will happen. Both sides will be moderately satisfied. Not precisely pleased, perhaps, but neither will cry out. When the troubles other political bodies have had in dealing with labor are considered this is nothing short of notable.

### Hot Water in This New Law

MR. ROOSEVELT "reluctantly" signed the flood control bill, because it gave the War Department sole jurisdiction over the improvement of rivers and waterways. The original bill would have in effect granted the Federal Power Commission authority to put the finger on the waters of

any state for power production purposes, but the senators felt that their states' rights should be chipped away a little less openly. The President let it be known that he proposes to revive the reorganization bill in the next session, if a revival seems feasible.

Not only waterways control will come up in that case, but also the question whether the comptroller-general shall confine his activities to a statement that federal money has been spent and there is nothing he can do about it. Fireworks in both.

### Burke's also a "Wilful Man"

EITHER Chairman J. Warren Madden of the National Labor Relations Board stepped into one of Senator Burke's short ones or the Senator from Nebraska let his guard down at an unfortunate moment. Madden says that "55 per cent of the cases handled by the Board were ended by the 'voluntary agreement of the parties.'" Burke says the "voluntary agreements" were accepted by employers who "had their backs against the wall" and calls them "shot-gun marriages." He proposes to make some "shocking disclosures" public.

### No Sock'em Tactics Here

THE reason why the Board of Mediation gets along so nobly with the railroads and the men is that it is exactly what the name implies—a board of mediation. It has no authority to speak of. It gets the opponents together, makes each side listen to the other's arguments without going into hysteria, and keeps on getting them together until an agreement is reached. If a general strike is threatened, the President may step in and stop it.

The explanation is that the basic law was the product of the best thought of both sides and is designed to protect the interests of both, unlike the law under which the N.L.R.B. functions.

### Another with a Cool Brow

DURING the fiscal year, the Mediation Board was able to dispose of 158 cases at the cost of only two small time strikes and two minor stoppages. These desirable results may probably be accounted for by the fact that the Board does its work without hollering.

The chairman is William O. Leiserson, a reasonably affable, philosophic professor from Ohio, who likes his work so well that, when he goes on vacation, he takes books instead of fishing tackle. He stuffs his gloves with horsehair instead of horseshoes.

### Gangway for the Big Camel

EVIDENCE is popping up all over the map that the socialized medicine camel is getting the tip of its nose in the Social Security tent. The incoming congress will be asked to add some form of health insurance to the Social Security scheme, and that will carry with it government paid doctors and free medicine. It must be added that so many new things are being considered for the Social Security plan that its best friends are beginning to fear it is getting too big. One said:

"Remember what happened to Primo Carnera?"

### Suppose We Are All on Lists?

SOMETHING more than 40,000,000 names are on the lists now. The Advisory Committee, mostly Big Names, has hinted that, if it is desirable and right that the Government ensure an income to one class of superannuates, it is equally desirable and right that all superannuates be insured. That would take in the man who works for him-



# MILLIONS OF TRUCK TIRES WILL FAIL THIS SUMMER!



## New Goodrich Tire Runs Cooler... Protects You and Your Profits

● Heat will take its toll of millions of truck tires this summer. Today's heavy loads and high speeds result in the generation of terrific heat inside the casing. The danger line is about 240°. Yet tire temperatures often run up to 300°. Premature failure is bound to be the result!

But now you can protect yourself against the ravages of heat. Goodrich announces a radically different truck tire that does not get dangerously hot.

### NEW KIND OF CORD!

Why does this tire run so much cooler? First, because of a new kind of cord. Pure cotton cord, specially processed to make it more compact, stronger, more elastic.

It's called Hi-Flex. It gives under flexing and, unlike ordinary cord, it then returns to its original length. It retains its strength under bruising, battering punishment on the highways.

Because Hi-Flex provides strength without bulk, the whole tire is more

compact. It runs COOLER. Temperature stays below the danger line.

Only Goodrich gives you this new Hi-Flex Cord—a product of Goodrich's own mills. And only Goodrich gives you the combination of these three features which, working together, make the new Goodrich Truck Tire today's best buy:

- 1 **PLYFLEX**—a tough outer ply which distributes stresses throughout the tire and prevents local weakness.
- 2 **PLY-LOCK**—a new method of locking the plies about the beads, anchoring them in place.
- 3 **HI-FLEX CORD**—full-floated in live rubber—cord that retains its strength and protects the tire against getting dangerously hot.

### TESTS PROVE CLAIMS

This amazing new Triple Protected tire has been tested on tire-killer runs. Tested where they said no tire could last more than a few thousand miles. But the new Silvertowns took it on the chin, ran two and three times longer than the best tires

used before! Set records which old-time tire men said were almost unbelievable!

### NO PREMIUM PRICE

You can now get these same tires for your trucks. Use them on any haul. Save on every mile. They are premium tires but they carry no premium price.

Just call a Goodrich dealer or Goodrich Silvertown Store.



# Goodrich *Triple Protected* Silvertowns

SPECIFY THESE NEW SILVERTOWN TIRES FOR TRUCKS AND BUSES

self, Olga in the kitchen, the queen in the drawing room and Old Dr. Sagwa. A move to this end is suggested for the incoming congress. Miss Mary Dewson of the Board thinks 16,000,000 names may be added.

### By Any Name It Is Still a Tax

MEANWHILE it might be noted that the latest statement of the Treasury shows that, in the fiscal year 1938, the receipts from the Social Security Act totalled \$604,000,000, and expenditures on account of the Act came to only \$291,000,000. I. O. U.'s were issued for the difference, of course, but the transaction boils down to just this: a tax is being paid by workers and employers that is not directly paid by those who are not in contact with pay rolls. There are now \$523,000,000 in the Government Life Insurance Fund, \$662,000,000 in the Old Age Reserve Account, and \$872,000,000 in the Unemployment Trust Fund.

### One of Those Quaint Facts

IT is only an oddity that the total of the three funds referred to is \$2,057,000,000, and that the total of the foreign dollar bonds outstanding and in default is \$2,203,819,360, and that the Foreign Bondholders' Protective Council, Inc., reports that some of the defaulting countries are using what monies they have to buy up the frosted bonds instead of paying interest on them. The Council sadly adds that it does not know what to do about it. This department's grandmother relied on Pain Killer.

### Two Strikes on John L. Lewis

IN some of the better air-cooled offices there is a disposition to regard John L. Lewis with considerable languor, as not being the menace he used to be. He tried to jam through congress the amendment to the Walsh-Healey Act, giving the Secretary of Labor authority to blacklist employers not in good standing with the N.L.R.B. Result, nix. Every one agreed that something should be done about the railroads and he got in the way. Result, nix. He pulled the C.I.O.'s man off the commission sent to Europe to study labor conditions and, if he thought that would discourage the commission, the sum was likewise nix. Fumeroles are shooting hot mud all over the C.I.O. plaza. Every time the N.L.R.B. does something some one does not like it is blamed on John. There is a thought in the handsomer offices that he might sell his saxophone and try to learn the piccolo.

### Don't Look or Listen to This

ONE-THIRD of the Class I roads, or 75,000 miles, are in the hands of the courts. Plenty others are headed that way if they do not get relief of some sort. The left-wingers are talking of government ownership.

But there are \$12,000,000,000 face value of railroad bonds in American safes, and the one question about the railroads to which no kind of an answer has ever been given is:

"Will the Government make good on them if it takes the roads?"

### Kill the Little Ducks First

THE chief of one of the larger corporations said that: "Not one of the big companies will be hurt by the wage-hour law. They all pay more than the 40 cent hourly rate now. But the little companies will be injured."

A manicurist in Washington worked and saved for 14 years and opened up a nice little shop. But wage-hour plus social security are closing her doors.

### Country Wires May Come Down

R. E. ADMINISTRATOR Carmody was given \$100,000,000 more than he asked by a Christmas-minded congress, in order that he may string more wires through the rural parts. But he will not back new projects unless there is a reasonable possibility that they can pay out, and the wage-hour law is interfering. At least 5,000 rural telephone systems have revenues of less than \$10,000 and have been barely managing to meet outgo. If they give 24 hour service, their labor costs will be \$3,500 a year under the wage-hour bill, and the same thing will apply to Carmody's new power lines. Those phones will be ringing in congressional ears this summer.

### Patman Clanks More Chains

REPRESENTATIVE Wright Patman says his federal chain store tax bill will be re-introduced in the next congress. He has rounded up 76 congressmen, he says, and aims to put absentee owners of groceries and banks and everything out of business. Meanwhile John A. Logan, inheritor of the General John A. Logan profile and executive head of a grocery chain, says that chain stores pay from three to three and one-half times as many dollars in taxes as do independent stores. The line seems to be forming for the big show.

### No One Would Kid Anybody?

INQUIRY into the highly bass-drummed extension of the civil service system leads to the conclusion that it is still possible to fool a good many people a good part of the time. The ultimate result may be that our political souls will be redeemed. For the immediate present, however, it seems that most of the job-holders who will be covered into nice, sheltered civil service jobs were appointed for political reasons. They must necessarily continue to be politically minded, for the covering order does not go into effect until after election. Not that this department is too upset about it. The same kind of thing has happened before.

### Here's a Horse of Other Hue

THOSE wishing to keep the political record in order may be interested in knowing that between now and election time at least 4,000,000 of Secretary Wallace's farmers will have received checks from the Government, no less than 3,000,000 of Harry Hopkin's W.P.A. workers will be on regular government pay—which in many cases is more than private employers can afford to offer—there will be 3,500,000 families on local relief and about 2,000,000 getting one or another kind of social security pay.

### Storm Signals Are Going Up

THERE seems to be no doubt whatever that the big fight in the next congressional session will be on taxes. The line of division is in effect along the social line. The left-wingers want to use the tax weapon to punish and control business and to bring about that distribution of wealth which is at the back of all their heads. They can, of course, also use all the money they can get. Business protests that the social results they hanker for should be accomplished in other and franker ways, if they are desirable, and that overtaxing is plain murder. The left-wingers will fight to put back in the tax laws everything that was taken out—and more—and to extend the field of tax coverage very widely. That is one of their reasons for favoring heavy spending, for the greater the debt the more imperative will be the need for deeper digging by the tax collectors.





## *This Seal helps you in Selecting* a FIRE or CASUALTY INSURANCE COMPANY

Let this Seal be your time-saving guide to complete protection at reduced cost—whether you are a property owner, employer, or car owner. The American Mutual Alliance Seal signifies that the company using it is a strong, well-managed organization—one of a group of a hundred selected, leading, legal reserve Mutual fire and casualty companies—with an average age of over 49 years, and with total assets of more than two hundred million dollars! When you choose a company using this Seal, you assure yourself of a worthwhile saving at the end of each year, in addition to getting the utmost in thorough protection and helpful service.



## THE AMERICAN MUTUAL ALLIANCE

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THE NATIONAL ASSOCIATION OF  
MUTUAL CASUALTY COMPANIES

THE FEDERATION OF MUTUAL  
FIRE INSURANCE COMPANIES

# No Business Can Escape Change

**Business has grown only as it has provided products which the individual cannot make as well for himself**

**1 • A PRESERVATIVE** for paper, leather, and similar materials protects against mold, dry rot, insects. It's particularly valuable for books and records.

**2 • AN UNUSUAL material** prevents the adhesion of weld spatter to metals which are to be welded. It is harmless to all metal surfaces including polished stainless steel. It does not harm the welding qualities. Before welding, a thin coat is sprayed on; it can be used as a paint primer.

**3 • A NEW coated glass** for welding and cutting operations provides positive protection against molten sparks fusing to its surface. It does not pit and is highly heat resistant. It outlasts ordinary glass several times.

**4 • AUTOMOBILISTS** may have a smooth-running windshield wiper despite a laboring engine by using a new vacuum pump which operates off the fan belt.

**5 • A LIGHT-WEIGHT** and very flexible fiber wall board can be rolled to a diameter as small as six inches. It is distinctly embossed with a pebbled effect on one side and smooth on the other. The surface takes either oil paints or lacquers.

**6 • BUILDING insulation** so light that 80 pounds will insulate more than 1,000 square feet of roof or wall is made from two sheets of aluminum foil spaced by a series of uniform triangular air cells. It has high thermal efficiency, is impervious to moisture and vermin, and is long lived at moderate cost.

**7 • GLOVES** for household use made of a synthetic rubber resist cleaning fluids, polish and other materials. A heavier weight glove is also made for industrial use.

**8 • A NOVEL wax** is adhesive rather than slippery. It has high adhesive properties even on glass and metals. It is amorphous and blends with other waxes, also oils and resins. It is particularly adapted for handles of tools.

**9 • A NEW wear resistant paper** is made from bleached jute. It's white, and strong. Especially for score cards, menus, tickets, covers, cut-outs and other printed pieces where wear resistance is essential. It has a good printing surface.

**10 • A STAIN** for metals, in purple or black, permits lines to be scribed and easily followed in the machining. The stain will not rub off during work, nor harm metals or tools.

**11 • A NEW inter-office communicating system** has both loud-speaker and hand telephone. Unanswered incoming calls are recorded by the raising of a key representing the caller.

**12 • A UNIQUE telephone** requires no battery or external power supply. The voice vibrations create an adequate yet safe current. It may be used for emergencies, for camp or field use, and an impromptu installation can easily be made to a sick room.

**13 • AN automatic slide changer** for a 2" by 2" lantern slide projector has a magazine accommodating 48 slides. The slides are shown progressively at predetermined time intervals or changed by remote control. Magazines are quickly interchangeable.

**14 • ADVERTISING signs** composed of glass tubing are now available in any color. Mercury vapor makes an ultraviolet light which is changed in the tube to any color desired by various fluorescent powders. Neon lights can be converted.

**15 • A NEW flare** for trucks has a brilliant red reflecting surface—no fuel or batteries. Double lids open to give a firm base and it's readily seen from either direction.

**16 • A NOVEL marking compound** for traffic lines and roadside signs consists of a special wear-resisting binder on which are sprayed small glass beads which become luminous when light shines on them.

**17 • A NEW air-dusting gun** is small enough to be held completely in one hand, yet has large air capacity. It's designed in an almost straight line to allow operation in narrow quarters without kinking the hose. The valve operates from a thumb button.

**18 • A TREATMENT** for concrete floors, both interior and exterior, seals the concrete, makes it non-dusting, and provides a penetrating color that will not easily wear off. It does not peel, chip, or crack, makes the floor oil-proof and generally stain-proof.



**19 • A novel device** facilitating use of road maps is a pair of calipers to compare road distances with the map scale and a magnifying glass to aid legibility.

**20 • A BOTTLE crusher** takes little floor space, operates in one motion destroying both bottle and label. The broken pieces drop into a container without flying glass.

**21 • A NOVEL pocket device** makes possible a quick check of automobile crankcase oil. It checks for sediment, viscosity and lubricity for practical purposes though not with laboratory accuracy.

**22 • FOR TEXTILE printing** there is a new line of colors which has no chemical affinity but rather a mechanical anchorage in the textile fibers. They show unusual fastness to light and washing while the printing operation is simplified.

**23 • A FLEXIBLE tubing** just introduced is inert to gasoline, oils, and organic solvents. It is light, tough, remarkably pressure-resistant, and flexible enough to be tied in knots. It's made of a synthetic resin.

**24 • A WINDOW lock** of new type permits the window to be locked when partly open for ventilation. Either top or bottom may be opened and two locking points are provided besides the full-closed position.

**25 • FLAT ROOFS** may be easily converted for open air play-grounds, roof gardens, or other uses by applying a fiber-asphalt composition over the regular roof. The composition flooring protects the roof from traffic and sun, and provides a resilient non-slippery wearing surface. It is supplied in three colors.

—WILLARD L. HAMMER

**EDITOR'S NOTE**—This material is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business news into our offices in Washington. Further information on any of these items can be had by writing us.



# 70° Always Cool



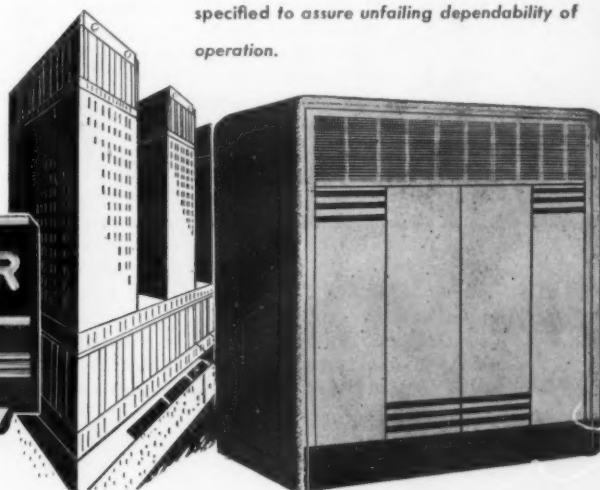
Making life more livable is the chief function of electricity today. This may not be readily apparent in the electric operation of a huge factory, but you know it the moment you step into the cool comfort of an air-conditioned store, restaurant or theatre. That people want greater comfort and convenience is shown by the way they prefer to do business in an air-conditioned place.

Behind the refreshing comfort of air-conditioning is a multitude of pumps, compressors and other equipment, operated by electricity and made to perform their functions faultlessly by means of Motor Control. Once more electricity and Motor Control, twin wonders of the modern age, go about the world searching out ever better and greater ways of making life more livable. Whenever you find them succeeding in their quest, there you find the name Cutler-Hammer, pioneers in the electric art of comfort, profit and progress. CUTLER-HAMMER, Inc., Pioneer Electrical Manufacturers, 1251 St. Paul Avenue, Milwaukee, Wis.

**ANOTHER  
CUTLER-HAMMER  
CONTRIBUTION TO  
BETTER LIVING**



On the largest air-conditioning systems such as the 1,000 h.p. units now in process of installation in the nationally famous Palmer House of Chicago . . . as well as on the smallest systems such as the portable office cooler, Cutler-Hammer Motor Control is used as specified to assure unfailing dependability of operation.



# MEMO . . . for Busy Readers

1 • Electrical workers' appliances 2 • Taxes hit travel 3 • History in models 4 • Subsidizing students 5 • \$11,493 to employ a man 6 • More people are numbered 7 • Where tires are sold

## Practice What They Preach

MARKET researchers of the General Electric wondered how much company's office workers in Schenectady took to heart the convenience of household electric appliances, decided to inquire, put questions to 242 employees, 210 of them householders.

Replies showed 3,360 appliances in use, an average of 14 per employee. Number of lamp bulbs in service was 6,033, an average of 25 per employee.

Comparing the showing of the 210 employee homes with national averages in appliance ownership, the survey disclosed 90.5 per cent radio ownership by employees to 82 per cent for the national average; in vacuum cleaners, 85.7 to 48.8; in refrigerators, 78.2 to 49.4; in ranges 16.7 to 9; and in oil furnaces or burners, 14.7 to 5.5.

Clocks at 408 led the field. Other appliances, in order of rank, included 278 radios, 261 irons, 216 toasters, 206 vacuum cleaners, 170 refrigerators, 143 washing machines, 130 curling irons, 127 percolators and urns, 123 heating pads, 122 waffle irons, 136 fans.

Less numerous, but important items, were: 55 electric razors, 34 floodlights, 18 exposure meters, 14 light meters, 9 time switches, 3 electric blankets, a short-wave radio transmitter, a worm digger, a paint sprayer, a pants presser, and 57 portable motors.

## Gas Taxes on the Rise

AMERICAN gasoline taxes reached a record height of nearly \$1,000,000,000 in the fiscal year ended June 30, 1938. Nation's 30,000,000 motorists paid an average of more than \$30 in gasoline taxes to the federal and state governments in the period indicated, approximately twice what they paid in pre-depression years. For a majority of the nation's motorists whose incomes are less than \$30 a week, annual gasoline tax is equal to one week's wages.

In 1927 gasoline tax collections in the United States stood at approximately \$250,000,000, or an average of about \$11 per motor vehicle. Since then a number of states have raised their tax rates, and the federal Government in 1932 established a "temporary" duplicating levy of one cent a gallon. Average over-all gasoline tax in the United States now

adds more than one-third to the retail price.

Motorists' annual gasoline tax bill, says the American Petroleum Industries Committee, is now equivalent to approximately two-thirds of the total value of all the crude petroleum produced in the United States.

## Models of the Long Ago

HOW to turn obsolescence to good account in one easy lesson is in a way of demonstration by Crosby Gaige, New York theatrical producer. Mr. Gaige is a man of hobbies—art, fine books, vintage wines, farming, cookery. One of his agents told him of the Wellcome collection of Patent Office models, suggested its 200,000 items might include some valuable cookery items. Now he owns the collection, is moving its 3,200 cases to Manhattan from the warehouses at Tuckahoe where it has been stored since 1927. Pleased with his purchase, he considers overtures from world's fairs, great exposition halls toward exhibition.

First bulk movement of the models in 1926 was dictated by urgent need for storage space required in Washington buildings. Congress appropriated \$10,000 for riddance. Institutions, such as the Smithsonian, were permitted to take what they wanted before public offering, selected models of the telegraph and electric light and other important "firsts." Remainder passed into possession of Sir Henry Wellcome, manufacturing chemist, was sent to warehouses of Burroughs, Wellcome and Company.

To Mr. Gaige that sort of disposal was bad business. Said he: "That was a typical example of the stupidity of the Government. There was the actual history of America's material development for more than half a century, and they threw it aside as if it were junk."

Models in the collection span the years from 1820 to 1890. No catalog was ever made. To Mr. Gaige they represent "a mute, yet articulate, history of the dreams and aspirations, accomplishments, and failures of the thousands of inventors who contributed to the gadget civilization of this country before the turn of the century."

First cases opened revealed models of farm implements, steam boats and engines, typewriters, cannons, machine guns, office appliances, pianos, cash reg-

isters, devices to raise sunken vessels, a hog catcher, a portable burglar alarm, a "medical vibration and kneading machine," dated 1855, and a "model corpse preserver," dated a few years later. Other items in the collection included one of the earliest Hoe printing presses, the original egg beater, patented by Timothy Earle in 1866, and the original dentist's chair, patented in 1855.

## Big Crop of Sheepskins

ANNUAL crop of high school and college sheepskins contributed record total of 1,420,000 graduates—1,250,000 from high schools and 170,000 from colleges—by report of the Office of Education.

In the past school year, National Youth Administration made financial grants to 320,600 students, including 226,000 high school pupils, 98,000 college undergraduates, and 2,600 graduate students.

## In Terms of One Man

KOPPERS Company of Pittsburgh, primarily a processor of coal, has issued a yearbook which interprets fiscal operation's statement in terms of a one-man enterprise. Total company figures for 1937 have been divided as though each of its 10,029 employees were in business for himself, with proportionate share of capital, sales, operating expense and pay roll.

Working capital of each individual, provided by himself or borrowed, would be \$11,493. He would sell products, perform services and receive investment returns totaling \$6,685. Of this he would spend \$4,181 for raw materials, power and manufacturing supplies, freight and other operating expenses. His tax bill would be \$181. He would save \$179 for plant and machinery replacement, to meet immediate or later requirements.

Share for wages paid to himself for carrying on his business for one year would be \$1,561. To pay interest on his investment and on the money he borrowed as well as to provide for expansion of his business there would be \$584.

Taxes paid last year by company were 75 per cent greater than the total amount received by stockholders. Tax bill was equal to six weeks' wages for each of the company's 10,029 employees. Major share of these taxes was not based on company earnings. There were no excess or undistributed profits taxes.

## Youth Signs For Security

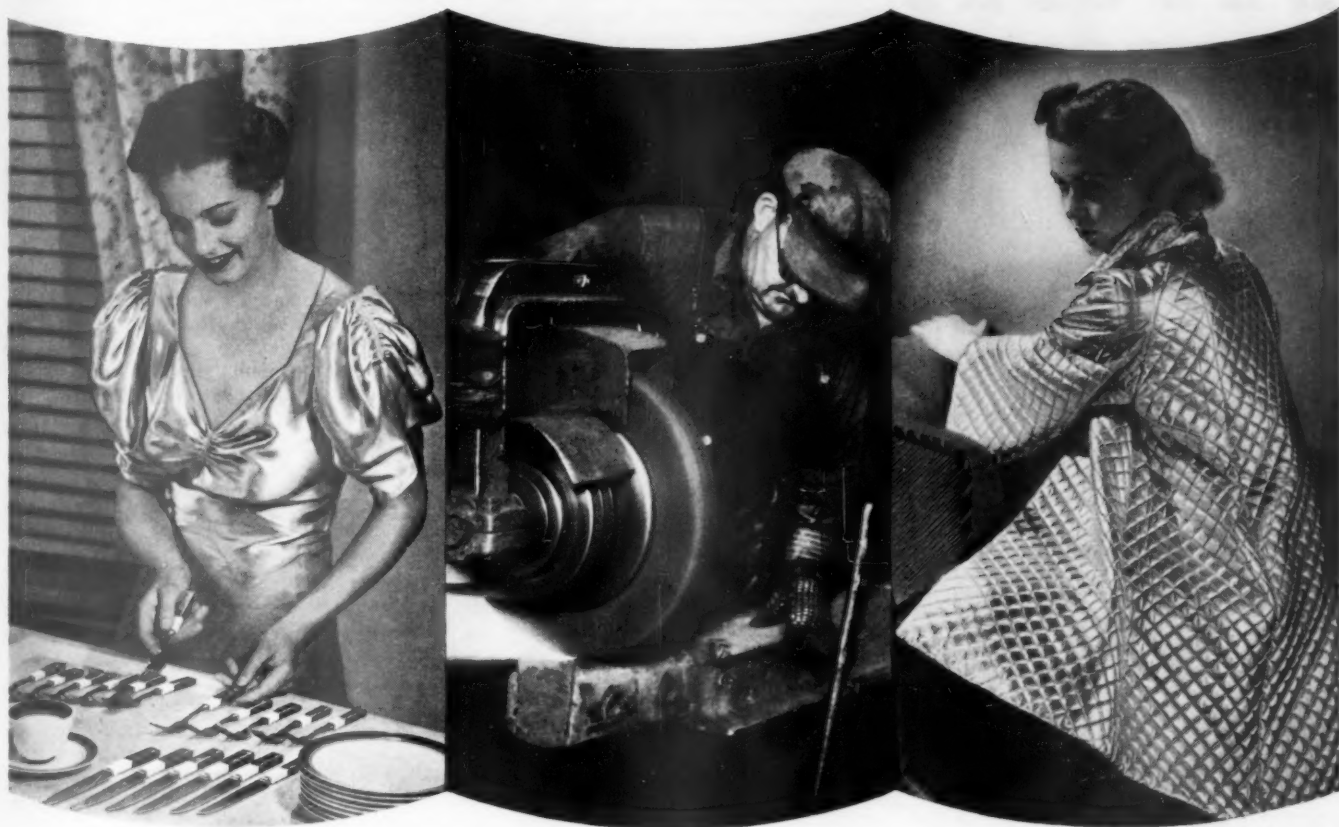
YOUNG men and women not more than 25 years old currently constitute about one-third of the applicants for social security account numbers. Proportionate increase in applications from persons of this age group is regarded as evidence that initial registration of workers under social security system has been almost completed.

Since last December, 2,417,983 applications for account numbers have been filed, raising total to 39,106,321 as of May 31.

Leveling off of applications is also seen in downward trend in the total number received in recent months. From



## FROM PLASTICS HEADQUARTERS—



## Over 2000 PLASTIC MATERIALS

JEWEL-LIKE solid materials of eye-intriguing beauty, or tenacious liquid cements for manufacturing processes... shimmering waterproof fabrics for costume design, or rugged materials that produce stronger abrasive wheels! As far apart as these plastics are, they merely suggest the sweeping range of the over 2000 materials available at Bakelite Plastics Headquarters.

There are lustrous Bakelite materials, in molded, laminated, and cast form,

that lend sales-winning glamour to products. There are synthetic resins that add endurance to paints and varnishes. There are cements, calendering and coating materials, wood adhesives, and bonding plastics for countless uses.

In basic composition, also, Bakelite plastics differ widely. They include urea, polystyrene, acetate, and phenolic materials, in transparent, translucent

and opaque types, and in a color-range that rivals the rainbow. Their mechanical, electrical and chemical properties are equally varied, and meet a wide variety of technical requirements.

Save time, simplify your problem of material selection, by consulting Bakelite Plastics Headquarters *first*. Also write for our Portfolio 1 of Bakelite booklets.

Bakelite Corporation, 247 Park Ave., New York, N.Y.  
Bakelite Corp. of Canada, Ltd., 163 Dufferin St., Toronto

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## PLASTICS HEADQUARTERS



Cast Resinoid Cutlery Handles

Resinoid Bonds for Abrasive Wheels

Flexible Resinoid for Waterproof Fabrics

# LURKING DANGERS



GUARD AGAINST THEM

## FIRE CRIME

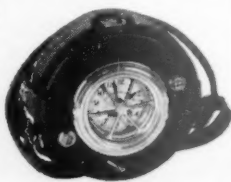
**NIGHT FALLS!** The wheels of industry stop. Employees file through the gate. Only one man stands between your plant and possible loss—the watchman.

**HOW IS YOUR PLANT GUARDED?** Will a faithful sentinel make his rounds step by step—noticing the discarded match that might mean a tremendous loss—the open window, a temptation to thieves?

**AND IN THE MORNING** will you have before you a complete record of the night before—a record that assures you that every point in your plant was inspected—regularly—that an alert watchman was doing his job, protecting your assets, guarding you against loss?

**TODAY** more than 80,000 Detex Watchman's Clocks are regularly protecting buildings large and small throughout the country—preventing loss, checking the watchman, assuring his vigilance.

**ASK DETEX** to supply you information on an inexpensive, thoroughly modern system that will fit your present needs and grow with your plant.



**DETEX WATCHCLOCK CORPORATION**  
80 Varick St., N.Y. 4153 Ravenswood Ave., Chicago, Ill.  
29 Beach St., Boston Rm. 800, 116 Marietta St., Atlanta

**DETEX**  
WATCHMEN'S CLOCKS  
NEWMAN • ECO • ALERT • PATROL

1,907,746 applications filed in July of last year, monthly totals gradually dropped off to a "low" of 406,745 in May, 1938.

A small increase in the number of workers 65 and over applying for account numbers appeared—from about 3.5 per cent at the beginning of the year to 5.9 per cent by May. Although these older workers are not included in the old-age insurance system, account numbers are issued to them for use in maintaining their wage records under state unemployment insurance programs. Increase in applications from workers over 65 has been particularly notable in the 25 states where unemployment compensation is now being paid.

In addition to the normal registration of new workers, some applications are expected from persons previously working in excluded occupations, who later take jobs covered by old-age insurance. Aside from these, increases in applications for account numbers will be contingent upon amendment of the Act to cover workers not included under the present law. Among these are farm laborers, domestic servants, employees of nonprofit organizations, seamen, the self-employed, and a few others.

**"Service" and Tires** **AUTOMOBILE** tire replacement sales in 1937 amounted to 29,600,000 units. At retail, these tires and tubes were valued at \$600,000,000. Sales were off seven tenths of one per cent from 1936, but

higher prices raised the value level.

Most significant shift in recent years, according to *Tire Review*, is rising importance of filling stations as tire outlets. From a meager beginning of 400,000 tire units in 1929 this channel in 1937 sold 4,890,000 units or 16.5 per cent of total replacement market. Figure represents an increase of about 1,000,000 units over last year's estimates. Error appeared because no data were available on new companies entering the field and their sales growth. When the same companies' reports are compared, oil company sales appear to have increased five per cent over 1936.

Of the 50 major oil companies, 32 sell tires through approximately 75,000 owned, leased and other stations. In addition, several hundred locally owned oil companies sell tires. In total, fully 90,000 oil stations connected with major and local oil companies serve as tire outlets.

Source of oil companies' strong showing is found in increase of the number of outlets selling tires and in improved sales efficiency.

Independent dealers sold 52 per cent of the 1937 volume, with chains getting 14.7 per cent, manufacturer owned stores 10.8 per cent, and mail order houses four per cent. Cooperatives sold about one fifth of one per cent.

Ratio of nation's tire replacement to its gasoline consumption is quoted as one to 640 gallons. Average of filling station sales was figured at mid-year slightly under one tire for every 3,000 gallons of gasoline.

## Shake Hands with Our Contributors

**NO BUSINESS** man can afford to be indifferent to the influences that determine the course of labor leaders. When a governmental expedition was sent abroad to explore the workings of English labor legislation, attention was immediately focused upon the 11 year old British Trade Disputes Act. **NATION'S BUSINESS** asked **Chester Wright** to tell its readers the reason for passage and results of the Act.

**Mr. Wright** is a Washington commentator on labor affairs. He was an associate of Samuel Gompers and is an intimate of both C.I.O. and A.F. of L. leaders.

Another significant movement in labor circles is the development of independent unions. Their progress up-to-date is told in this issue by **John J. Collins** a former employee representative who helped organize an independent union in a subsidiary of a large oil company.

**Jules I. Bogen** is editor of the *New York Journal of Commerce* and Professor of Finance at New York University.

**Frank Hales Allen** will be remembered as the author of "Business Man

of the Mayflower" which appeared in January. He is a regular contributor to various publications.

**Alan H. Gillmore** is president of the Gillmore-Carmichael-Olson Company in Cleveland, Ohio.

### Coming Next Month:

**THE CHEMICAL** industry is a big industry. In 1935 its volume of sales was exceeded only by the metals and food industries. **Harrison E. Howe**, editor of *Industrial and Engineering Chemistry*, will show how continuous expansion may be expected in this field and point out some of the new products now being developed.

In another article, **Charles C. Parlin**, a pioneer of marketing research, for many years connected with the Curtis Publishing Company, will show how advertising has carried more than its share of the load in selling merchandise.

And those of you who have watched the rural highways of America develop from bottomless mud pits or bowls of dust into a network of hard-surfaced ribbons will be interested in the adventures of a pathfinder who helped bring about the change.



# do with $1\frac{1}{5}$ cents ?



**A story of uncommon interest to people who are familiar only with the dollars spent in advertising and selling foods**

YOU HEAR TALK of "thousands" and "millions" of dollars when the subject of food advertising comes up. You hear some salesmen and dealers say they can sell for less because there is no "advertising expense."

How big an item is this "advertising expense," anyway?

It may surprise you to learn how *little* it is!

Take, for example, the Post. Last year the Post carried a great deal more food advertising than *all other weekly magazines combined*.

And what did it cost the food industry to send all that advertising to a Post family?

Actually, *all* the food advertising in those 52 issues of the Post—for all the flour, beans, soup, canned goods or whatever (calculated on the basis of only three million Post families)—cost the food industry about 62 cents per family...  *$1\frac{1}{5}$  cents per week!*

That's a pretty small amount when you consider that even an average American family spends about \$550 a year for food alone—and a Post family spends considerably more.

When the advertising cost per family is so little, isn't it mighty good business to sell your product in the Post regularly? Week after week? Every week?

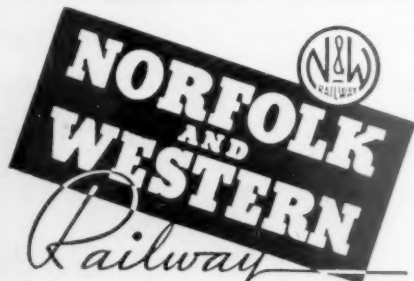
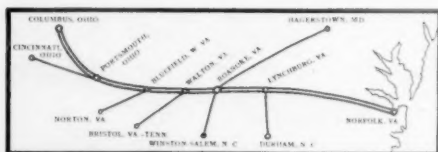
**THE SATURDAY EVENING POST**



## Enjoy CAREFREE DAYS on VIRGINIA'S Sunny Shores!

Come to Virginia! . . . for the time of your life! New thrills await you in the romantic atmosphere of the Old Dominion . . . on the gleaming white sands of the Virginia Seashore . . . in the invigorating mountain heights of the Blue Ridge and Alleghenies . . . in every nook and cranny of this historic State. Choose Virginia for your vacation. Enjoy every minute of your trip.

Come to Virginia! . . . on The Pocahontas or The Cavalier — fast, completely air-conditioned Norfolk and Western passenger trains serving the beautiful scenic region between the Midwest and the Virginia Seashore. Ride comfortably, safely, and economically in modern Luxury Coaches, dining cars, and Pullmans. Arrive rested, refreshed, ready for an unforgettable vacation in Ol' Virginny — "The Land of Romance."



1838—A CENTURY OF SERVICE—1938

## Labor Laws, British Style

(Continued from page 16)

celebrated by a growing number of British leftists who were urging British labor to swing a club over the heads of capitalists.

If the general strike of 1926 resulted from grievous provocation, its course was, nevertheless, considerably shaped by the bravado of leftism and the heroic gesturing begotten by the philosophy that had come slithering down from dismantled Russia. Had it succeeded, it would have been at least half brother to revolution. As it was, its finish was just about as damaging to the unions as to industry. This, no doubt, is why British labor accepted the seemingly stringent provisions of the Trade Disputes Act.

But, in addition to that, the law was not designed to break the unions; it was designed, with much less heat than might have been expected, to protect an island nation that feared and still fears invasion against the always possible dangers of being caught with a great internal industrial crisis at a moment of armed attack from without. The United States never can be in just that position or be haunted by just that kind of fear.

That much for background. Here are the opening provisions of the Act — the place where the ropes are tightened:

1. It is hereby declared:

(a) That any strike is illegal if it

1. has any object other than, or in addition to, the furtherance of a trade dispute within the trade or industry in which the strikers are engaged.

2. is a strike designed or calculated to coerce the Government either directly or by inflicting hardship upon the community.

(b) That any lockout is illegal if it

1. has any object other than, or in addition to, the furtherance of a trade dispute within the trade or industry in which the employers locking-out are engaged; and

2. is a lockout designed or calculated to coerce the Government either directly or by inflicting hardship upon the community:

And it is further declared that it is illegal to commence, or continue, or to apply any sums in furtherance or support of any such illegal strike or lockout.

What happened in England after those paragraphs became law? Nothing much. Nobody has thought much about it since then. Englishmen accepted the fact that the law was the law, that it was henceforth a part of the law structure governing industrial relations and that it was there to be used. Industrial relations, in fact, have continued much as they did before the enactment, although prop-

agandists of both right and left extremes can make a more or less yowling case if they go through a sufficient number of gyrations by way of preparation.

The body of British labor and industry accept the law, use it and suffer nothing material, either in the way of galling restraints or loss of rights. British labor relations are essentially democratic. Britons have apparently gone a bit further along the road toward what the American Federation of Labor in 1923 described as "an industrial franchise comparable to our political franchise."

### Unrelated to our problems

TO MY mind there is point neither to attacking the British law nor defending it. It is not an American issue. And, strange as it may seem, the British asked no American advice in framing the bill. Nor have they told us we ought to use it as a pattern.

About the only fear American labor has in its use as a pattern is that an American tendency toward bureaucracy (see NRA) might (also see certain court decisions) use its provisions to cloak certain types of abuses of power and invasions of constitutional rights.

In addition to the provisions quoted, the Act requires that every union member must consent in writing before dues may be assessed for political purposes and it limits sharply the functions of unions of civil servants. It has to be taken in connection with earlier legislation before the registration and strike-prevention features of British law come into action.

But in the whole field of British labor law one thing stands out clearly and in contradiction of a good deal of American opinion as to what that law contains. It is this:

Voluntarism rules. Restraint must be accepted voluntarily. Strikes are not prohibited. Registration is not compulsory. The law sets up machinery. It may be used or not used. But, once accepted it cannot be thrown away. Unions and employers may elect, but when they do they have to stand by their election. The Whitley Commission in 1916 proposed self-government as the controlling principle in industrial relations and self-government remains the controlling principle.

But the reports of the Whitley Commission were based upon the Trade Boards Acts, which came in 1909 and 1918. The Agricultural Wages (Regulation) Act of 1924 came later. Each





# CALL IT A DAY!

Who does not thrill to the close of the working day . . . the prospect of being free from its responsibilities and cares, even for the brief, fleeting hours between one day and the next?

And there are few of us who would not like to look forward to a time when we can be forever free . . . when at last alarm clocks can ring unheeded, when appointment books may gather dust . . . when leisure becomes a way of life, not merely a brief respite from a task which must be taken up again on the morrow.

Call it a day! Retire a definite number of years from now with the assurance of a regular monthly income you cannot outlive. Such independence is now possible to every man and woman who can earn even a modest living today.

A John Hancock retirement plan, worked out in a practical manner to suit both your purse and your plans, will begin at once to pay you in freedom from worry about the future . . . Later on its guarantee of a regular, unfluctuating income all your life will give you

the greater freedom to enjoy life in your own way.

Send for your copy of a new booklet which tells how to prepare for retirement the John Hancock way.

DEPARTMENT J-8  
John Hancock Mutual Life Insurance Co.  
Boston, Mass.  
Please send me your booklet about retirement, "Quitting Time".

Name.....

Address.....

*John Hancock*

GUY W. COX, President

**JOHN HANCOCK MUTUAL LIFE INSURANCE COMPANY**  
OF BOSTON, MASSACHUSETTS



**..to help you  
cultivate  
the West's  
GREATEST  
MARKET**

**T**HIS, California's only statewide bank, serves two million depositors through 493 branches in 307 California communities. Bank of America is an integral part of California's economic structure and renders a unique service to banks or business concerns having interests in the California market. Inquiries are cordially invited. Address Bank of America, 1 Powell Street, San Francisco, or 660 South Spring Street, Los Angeles.

RESOURCES . . . . \$1,498,527,625.71  
DEPOSITS . . . . \$1,357,778,709.93  
CAPITAL FUNDS . \$ 112,231,747.90

*America's fourth largest bank*

**Bank of  
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NATIONAL TRUST AND  
SAVINGS ASSOCIATION

Member Federal Deposit Insurance Corporation

VISIT THE GOLDEN GATE INTERNATIONAL  
EXPOSITION, SAN FRANCISCO, 1939

of these provided for appointment of boards including representatives of employers and employees in an industry, plus independent members. The principle of action was that of collective bargaining, the independent members voting for a decision only when the others were finally unable to agree. Note that while the rates thus fixed became binding upon the employers, the workers were left entirely free to strike.

The Whitley Commission proposed:

1. To extend the provisions of the Trade Boards Act to include any inadequately organized industry.
2. Voluntary Joint Industrial Councils, district councils, and works committees, in well organized industries.
3. Standing voluntary arbitration tribunals, representative of employer, workers and the public, for the purpose of settling disputes which collective bargaining might fail to avert.

It appears that these recommendations were adopted quite substantially in the years after the war; while the principle of industrial self-government increasingly dominated British labor policy.

#### Trade boards and labor policy

IT WAS upon a structure of this kind that the Trade Disputes and Trade Union Act were added. Forty-seven Trade Boards and 58 local Agricultural Wages Committees are now operating under these acts. These make up the legal machinery which implement the British labor policy, which is that of voluntary collective bargaining. As soon as there is a sufficient body of organization upon a voluntary basis, the Trade Board withdraws from that industry.

National Whitley Councils now function in 64 industries, covering about one-fifth of all occupied persons.

But, as we have seen, all of this machinery proved impotent in the face of the General Strike of 1926. And that provided for the registration of Trade Unions in Great Britain.

As for that, Sir Walter Citrine approaches a discussion of it with these words:

It must, first of all, be understood, that registration is permissible but by no means compulsory. At the end of 1935, out of 1,042 trade unions known to be in existence, only 449 were registered. (British Law and Trade Unions. Am. Federationist, Dec. 1937.)

Mr. Citrine evidently believes that "registration does not make any fundamental difference in the legal status of a union." He shows that certain advantages accrue to registered unions, including certain exemptions of union insurance funds from property and income taxes, under certain limitations.

Registered unions also may take

summary proceedings for recovery of monies withheld or misappropriated; and expense may also be avoided in transfers of property when trustees are changed. To obtain these advantages, the union is required to file a copy of its rules with the Registrar, and to have them approved; and to make an annual return of the finances of the union, as well as changes in officers or union rules.

Mr. Citrine states that one or two of the larger unions in England have refused to become registered because they object to revealing the details of their finances.

It is also permissible for a union, without being registered, to obtain a certificate to the effect that it is a *bona fide* trade union within the meaning of the acts.

#### Little interference in negotiations

THE policy of the Government is described by Mr. Citrine as follows:

The policy of the Government has been to interfere as little as possible in the conduct of industrial negotiations and the conclusion of collective agreements. In the instances in which there is, or may be, any official intervention, it is mostly only at the request of the parties to a dispute, and usually only for the purpose of establishing voluntary conciliatory or arbitral machinery or for encouraging the continuance of voluntary negotiations. There are a few exceptions to this general rule, but they are of no more than particular significance and are due to very exceptional circumstances.

Two courts have been set up to deal with industrial disputes: the Industrial Court, and the Railway Wage Tribunal.

On the Industrial Court are a representative of the employers' interests, a representative of the work people, and a chairman, all appointed by the Minister of Labor. The Industrial Court has no power to undertake an inquiry into a dispute, if any party does not agree to refer it to that body, and its decision is not binding upon either side. The Railway Wages Tribunal is similar to our American Railway Mediation Board in that it operates under a law which prescribes certain definite procedure in negotiation; but it does not compel a settlement.

There is one element of compulsion, which John P. Frey, President of the A.F. of L. Metal Trades Department, points out in a remarkably dispassionate and objective study of British labor law, written after exhaustive inquiry in England. In the operation of Trade Boards, which function in sweated industries there is a final element of "must." But it must be borne in mind that a Trade Board is not set up until the workmen and employers in an industry petition for its creation.



After petition, the Minister of Labor sets up such a Board if he believes one should be named. The Board is composed of three neutrals, with an equal number from employer and worker panels. The Board examines facts. The Ministry supplies statisticians and technical help, if asked to do so, but these helpers must keep free from partisan entanglements. I quote now Mr. Frey's interesting explanation of the operation of these Boards:

In time, and after careful, balanced consideration, the Board prepares a report establishing the minimum wage, conditions of safety and sanitation, and the maximum hours of labor; the report being presented to the Minister of Labor for his approval.

Before approval can be given, the Minister of Labor must publish the Board's recommendation for a period of three months so that those affected—the employers and the employees alike—may present their protests, if any.

When the Minister of Labor finally attaches his signature to the Board's report, it becomes as much the law of that industry as though it had been enacted by Parliament.

As the Board is a permanent body with power to make recommended changes in the regulation for its industry, and as both employers or workmen can bring complaints before it, the Board, in a large measure, becomes the source for self-government in the industry, subject at all times to the approval of the Minister of Labor who, in turn, is controlled by the Trade Board's act as enacted by Parliament.

Trade Boards do not have the same voluntary character as the Whitley Councils and the National Industrial Court. There is an element of compulsion which includes prohibition of strikes against Trade Boards' determinations when approved by the Minister of Labor.

Trade Union representatives in England do not like this restriction; nevertheless, they are of the opinion that a measure of the results which would follow from compulsory arbitration were justified to protect those workmen less equipped by nature to maintain healthy trade union organization.

Employers in a Trade Board industry accept the wage, the hour, and the other provisions with a better feeling and a greater willingness to comply than they would had Parliament directly legislated concerning conditions of employment in their industry.

Under the Trade Boards there exists an appreciable substance of the spirit and methods of collective bargaining.

There is an absence of bureaucracy in the Board's functions, and there is no army of enforcement officers going up and down the land.

The verdict of American labor will be what it has been from the beginning.

It will be that the British Trade Disputes Act does not fit the United States for several reasons, two of which are that the background which existed in England does not exist here and that nothing is to be gained by considering a foreign statute which in its essence runs almost directly contrary to the heart and soul of the National Labor Relations Act.

The British law does not do what

its most ardent American proponents among employers think it does and, although in England it has served a purpose, it could not serve a similar purpose here because of a basic difference in conditions required to be met.

It seems likely, too, that many American employers forget that the British law puts brakes upon employers as well as upon unions.

American industry stands in no danger whatever of a general strike. The Government stands in no danger, immediate or remote, of a strike against its essential services, and American unions levy no compulsory contributions for political operations.

### No political assessments here

THAT is to say, American unions do not allocate any part of the dues from members for use in political work. Whether such a restriction as is found in British law would interfere with the voting of money for political use by unions or their executive boards is not clear, but there seems a possibility that there would be such interference.

American unions do often vote money from their treasuries for use in political work. American unions, including A.F. of L. and CIO, do send speakers into political campaigns to make political speeches. But American unions do not assess their members for partisan political purposes. No part of the dues paid by members is set aside for support of a political party. British union dues went in part to support the British Labor Party.

Again the situations differ. It is difficult to contemplate the success of any American effort to proscribe political work by unions, one reason being that labor support goes to candidates for both major parties and some of the minor parties.

The machinery set up in previous British legislation has had its value in England, but that value was made possible largely by the willingness of British employers to recognize labor unions as having a legitimate and useful place in the industrial scheme of things.

British labor doesn't like the restrictions found in the law of 1926, but it doesn't find them inordinately irksome, because the British people as a whole accept trade unionism as a definite and integral part of the industrial structure.

And there we have, insofar as we can bring it into the limitations of one article, something of the picture that any objective mission to England must bring home. What conclusions may be reached will depend upon many things, not all of which are necessarily factual.

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# Speaking of Finance

By EDWARD H. COLLINS

Associate Financial Editor, New York Herald Tribune

NOT so long ago the term "National Income" was more or less confined to the discussions of our theoretical economists and our more deeply inquiring social statisticians. Of late, it is being tossed about in popular magazine and newspaper articles on business and economics, in radio speeches, and from lecture platforms.

And this has been especially true since the President has adopted the term as representing a sort of yardstick for measuring the country's economic and social progress. As Paul Mallon, the Washington columnist, recently observed:

Mr. Roosevelt's favorite statistic today is a national income figure. He wields

it in speeches and press conferences as a sort of economic baton. By following its recently maneuvering tip-light you are supposed to get as good an idea where the country is as from any other guide.

Mr. Mallon not only calls attention to the President's habitual use of the national income idea, but suggests that he has a tendency to employ it at times with something less than the complete detachment of a trained statistician. In his fireside chat of April 14, Mr. Mallon notes, the President placed at \$81,000,000,000 "the total income of all the individual citizens and families—every farmer, every worker, every banker, every professional man, and every person"—in the year 1929. This, Mr. Mallon observes, was the amount of income "produced" in 1928, and not, as the President's phraseology seemed to indicate, the amount "paid out."

## Differing figures used

AGAIN, this political commentator notes that the President appears to choose his estimates for 1938 income to suit, if not his political purposes, then at least his immediate mood. In his fireside talk of June 24, the President said: "We hope the national income will not go below \$60,000,000,000." Yet, says Mr. Mallon, "a few days before, at Hyde Park, he said that 'privately calculated preliminary estimates' of national income had been put at \$50,000,000,000." Mr. Mallon concludes his observations:

Exactly what all this means may not be easily determined, but these deductions are self-evident:

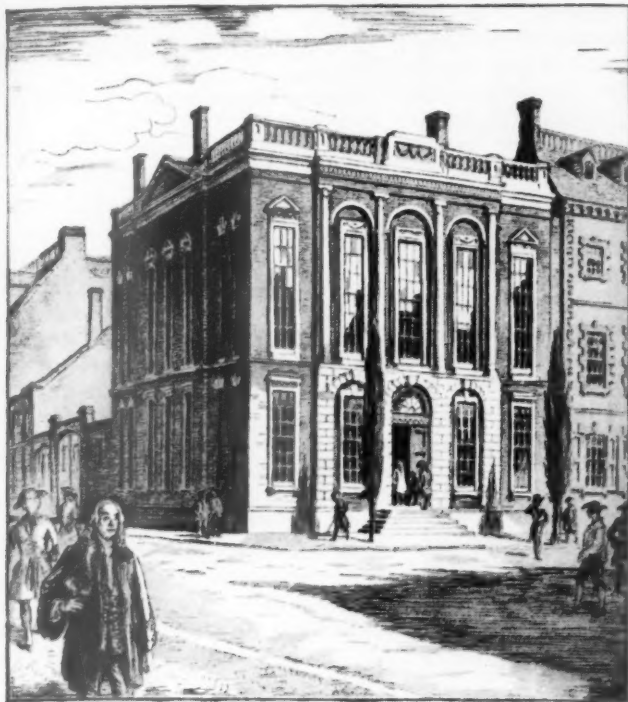
1. Mr. Roosevelt took a set of the lowest figures, minus, in April, when he wanted to get his spend-lend policy adopted by Congress.
2. Now he is taking a set of the highest figures, plus.

Mr. Mallon is not the only one to raise a question as to what the President means by "national income," and where he gets his estimates. It is the function of the Department of Commerce, under the law authorizing its creation, to "gather, interpret and disseminate business statistics"; and if it can be said that there are any "official" figures on the national income then they would be the regularly published and widely used estimates assembled for this department through its Bureau of Foreign and Domestic Commerce.

## From a Business Man's Scratch Pad . . . No. 28







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*Present building of the Bank of New York.*

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Yet, in a special dispatch to "The New York Times" on May 5, Alexander V. Dye, director of the bureau, was quoted as saying that in two important Administration studies—one on housing and one on the national income—his experts had not been consulted on their own figures. Robert R. Nathan, of the division of Economic Research of the Bureau, handles the national income figures. He is the author of the recently published study, "National Income, 1929-1936."

The New York *Herald-Tribune*, following the President's June 24 fire-side chat, sharply questioned editorially his choice of the "income produced" figure, over that of "income paid out," which, it declared, was a better index of the nation's "purchasing power," so frequently stressed currently in Washington.

By taking the "income produced" figure (or an approximation of it), the *Herald-Tribune* pointed out, Mr. Roosevelt was able to show that the country was about 60 per cent better off in 1938 than in 1932; had he taken "income paid out," this newspaper observed, and had he allowed for changes in the cost of living and in population, he would have "had to admit that 'real national income' was only about seven per cent higher."

This is the conclusion reached, the

*Herald-Tribune* observed, in a current study by "Standard Statistics."

Whether the President has seen a good chance to use an impressive "statistic" to his political advantage and has seized it, or whether, as Mr. Mallon hints might be the case, he was "handed the wrong music," is not, perhaps, of more than passing importance. But it is important that, if this term is to be used, it be used not as if it were a definitely accepted single concept, such as a yard, but in such a way as to show that the person employing it understands both its usage and its limitations.

Many studies have been made of national income, and they embrace a great many different concepts. The term has been used at various times to describe total national consumption of goods and services, total national production, total monetary receipts of individuals, total purchasing power of individuals, and so forth. Simon Kuznets, probably America's leading authority in this as yet only partly explored area of economic research, narrows the field, for practical purposes, to "income received by individuals." Says this expert, who set up the national research organization in the Department of Commerce, and who is now engaged in further study of the subject for the National Bureau of Economic Research:

In current reality, the most clear-cut general concept of national income is income received by individuals. The flow of commodities and services through the economic system is best arrested, for the purpose of analysis and measurement, at the point where the stream reaches the individual.

#### Income is hard to define

BUT the layman would do well not to jump too lightly to the conclusion that by this Kuznets means merely the dollars and cents paid out each year in the form of wages, salaries, dividends, rents, royalties and entrepreneurial withdrawals (the "income paid out" of the Department of Commerce). So far as the expert is concerned this is too simple a definition. It overlooks, for example, "income" in the form of goods and services produced and received in connection with ownership of a home, or an automobile—"income produced" within the economic unit for which there is no corresponding flow of money payments. Barter income, and gifts, would come in the same category. ("Pigou," says Kuznets, "has epitomized this distinction by asking, rather pointedly, 'Does net income decline when a man marries his housekeeper?'")

On the other side of the picture is the fact that there are some money payments—such as pensions and insurance—in respect to which there are no corresponding current services. It is the business of the highly specialized expert to consider the merits of all of these types of income and to determine which belong, and which do not belong, properly in a scientific concept of aggregate national income.

How thorny the subject is may be gathered from the fact that economists differ as to whether the "income" of a housewife should be included in such a "statistic" or not. The best opinion at the moment seems to be that it should not.

The Department of Commerce publishes two regular estimates of national income: "income produced" and "income paid out." (Roughly corresponding to the latter is the estimate of "income realized" prepared by the Industrial Conference Board.)

Mr. Nathan defines the two concepts like this:

1. National income produced is the gross value of all goods and services produced, minus the value of raw materials and capital equipment consumed in the productive process; in other words, the net value of all commodities produced and services rendered in the nation during a given year.

2. "National income paid out" is the sum of wages, salaries, interest, dividends, entrepreneurial withdrawals and net rents and royalties.

Now, normally, the estimates represented by these two concepts are



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not very far apart. Thus, for example, in 1937 the Commerce Department estimated "income produced" at \$69,330,000,000, a difference of less than one per cent. There are occasions, however, when the two estimates vary widely, the difference being represented by what the Commerce Department calls "positive savings," which are recorded in good times, and "negative savings," which are established in depression.

In 1932, at the bottom of the depression of 1929-1932, the "spread" between income produced and income paid out reached its maximum. For that year, the Department's estimates show, income paid out totalled \$49,024,000,000, but, because of the large "negative savings," income produced was estimated at only \$40,014,000,000. It is because of this wide difference between the two figures in the early 'Thirties that so much confusion has been created by the President's references to "national income." This explains why Mr. Roosevelt's political opponents challenge his income estimates of the last year of the Hoover Administration, and insist that he is distorting statistics.

#### "Income paid out"

WHICH of the two figures, then, is the proper one? Generally speaking, it may be said that neither is all-inclusive, but that income paid out is the more satisfactory of the two. The best evidence of this, perhaps, is that when such organizations as Standard Statistics, or the National City Bank of New York use the term "national income" they mean national income paid out. They do not even take the trouble to qualify the phrase.

One may assume that there are two general reasons for this acceptance of "national income" as meaning "income paid out." One is that it is the nearest approximation that we have to "purchasing power," and hence to the outlook for business.

Mr. Nathan recognizes this in his recent study of national income. He writes:

There are several items, such as capital gains and losses, direct relief grants, gifts, inheritances, etc., which affect purchasing power, and which are not included in the total national income paid out. But, granting that these are sizable, nevertheless the estimate of income paid out more closely approximates changes in purchasing power currently flowing into the hands of individuals than does any other measure available today.

The other reason presumably is the great accuracy of the income paid out figure. The items, "positive" and "negative" savings in industry, are, it is freely admitted, illusive, abstract, and arbitrary. In the field of incorporated business they are ascertained

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by determining whether entrepreneurial withdrawals (dividends) are greater in a given year than net income, or whether net income is greater than such withdrawals. If there is a surplus of income this is put down as "positive savings"; if there is a surplus of dividends this is reported as "negative savings."

But Mr. Kuznets has recently prepared tentative estimates of the extent to which revaluation of inventories influences the estimates of business savings. His preliminary findings throw a heavy shadow over the "income produced" figures of the depression period, so frequently quoted by the President. These findings indicate that the estimated "negative business savings" for 1929-1935 should be reduced by about one-fourth to compensate for the revaluation of inventories in that period. The suggested adjustment for the years 1930-1932 would reduce by about 50 per cent the estimate of "negative savings" shown in the studies of the Department of Commerce. (The net effect of this would be to raise the estimate of "income produced" for 1932 by about \$4,500,000,000 or from \$40,000,000,000 in round figures, to \$44,500,000,000!)

But the problem of ascertaining "savings" is much more susceptible of error in the case of unincorporated industries and in the case of agriculture. The formula by which "saving" is estimated in the case of agriculture is this: The net income of agriculture prepared by the Department of Agriculture is taken as a base. It is then assumed arbitrarily that the "entrepreneurial withdrawal" of each farm operator would equal the going farm wage paid him if he were a worker. Obviously, the application of this formula distorts the picture. Its tendency is to increase the apparent "negative savings" of agriculture in depressions and to increase "positive savings" in good years. With the foregoing considerations in mind, presumably, Nathan says:

Because of the tendency of errors to cancel out and because of the fullest utilization of a large amount of source material, the margin of error in "income paid out" is probably small. Estimates of "income produced" are less reliable than those of "income paid out" because estimates of business savings are affected by inconsistencies in accounting procedure, by the general paucity of data upon which to base deductions of non-corporate business saving, and because absence of data for evaluating such an important influence as the determination of the value of inventories.

Another point should be made in any discussion of the limitations of the term, "national income." No estimate of national income—today, particularly—means much unless its author or its user specifies whether he

means private income only or private income plus government spending. For example, the National Industrial Conference Board finds that total privately produced income for 1937 was, in round figures, \$53,900,000,000. If "government production" income is added, the total rises to \$67,500,000,000, a figure roughly approximating that of the Department of Commerce.

"Of the total accountable income received in 1937," says Dr. Robert F. Martin, the Board's national income expert, "between 16 and 17 per cent, or about \$11,000,000,000, was derived directly from government sources. In 1936, when the major part of the bonus distribution took place, the Government ratio to the total was 20 per cent."

And finally, one will do well to beware of those persons who say, in effect, "My plan aims at a 'national income' of \$100,000,000,000 (or \$90,000,000,000, or whatever it may be)." It is well to ask such persons whether they mean to raise income by raising production or by raising prices. When we speak of the big advance of national income since 1932 we should bear in mind that the cost of living has risen 13 per cent since that time, as well as the fact that the population is 5,000,000 greater. National income is, it will be seen, therefore, an elusive concept.

## Business Makes Its Rules

**MISUNDERSTANDINGS**, disputes, even lawsuits, growing out of the financing of imports and exports will be eliminated October 1, it is hoped, when new uniform regulations sponsored by the American Section of the International Chamber of Commerce, go into effect. The new regulations will apply to all documentary credit transactions when other express agreements do not intervene.

Already 130 banks and other concerns which conduct substantially all of the letter of credit business in the United States have signified their intention of adhering to the new rules as have banks in Belgium, France, Germany, Italy, the Netherlands, Rumania and Switzerland. Great Britain and other commercial countries are considering similar action.

Adoption of the new rules marks the culmination of steps initiated by the American Committee at the Stockholm Congress of the International Chamber in 1927 when the first draft of uniform regulations was proposed. The draft was perfected at subsequent congresses. Negotiations



to obtain adherence of American concerns were carried on by a special committee of the American Section under the chairmanship of J. C. Rovensky, vice president, Chase National Bank, who says:

The success of this voluntary undertaking is a valuable demonstration of the ability of banking and commercial interests in the various countries to reach agreements to remove difficulties that result from discordant regulations. It establishes a uniform interpretation of important terms and phrases.

The regulations offer an equitable basis for agreement suitable for general application in all countries for commercial credit transactions in foreign trade.

### A voluntary code

GUERRA Everett, chief of the Division of Commercial Laws of the U. S. Department of Commerce, who assisted in the negotiations, expressed the belief that this move would help to facilitate foreign trade. He said:

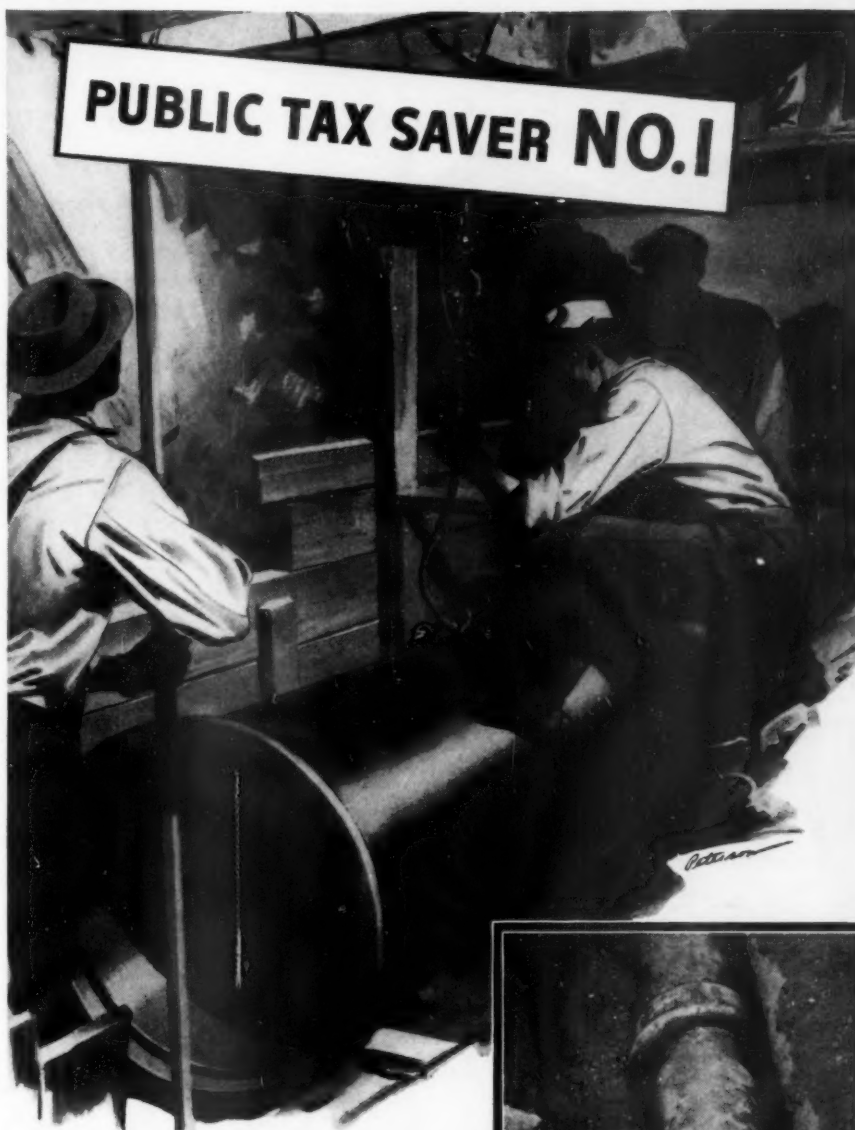
It is refreshing to see the success of this voluntary code of practice which is wisely calculated to remove points of useless friction and clear the way for better commercial intercourse among nations. It is a notable achievement in a period when commercial and financial transactions have been burdened with numerous strictures adopted without reference to the needs of international business.

At the same time John J. O'Connor, manager of the Finance Department of the Chamber of Commerce of the United States, one of the principals in the numerous negotiations in this country and abroad, also emphasized that the new regulations will benefit commercial and industrial interests as well as the banks. He said:

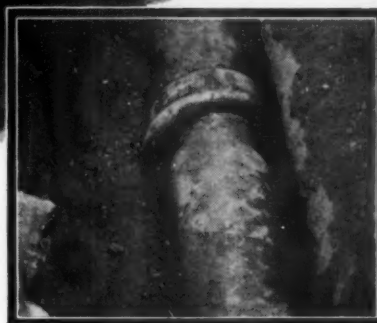
It should be understood that this move has the endorsement of the Commerce and Marine Commission of the American Bankers Association, the Committee on Foreign Banking, New York, members of the Bankers Association for Foreign Trade that are especially interested, and of groups, such as the National Chamber.

The agreement will be useful throughout the world as a guide when the wishes of the principals are not clearly and explicitly specified in the instructions for opening a commercial documentary credit or in the documentary credits issued, including commercial letters of credit.

The uniform regulations include some 50 detailed articles of agreement falling under six heads: general provisions, definitions of forms of credit, liabilities of parties, description of documents considered acceptable in the absence of special instructions, interpretations of usual terms, and conditions under which the credits can be transferred. By unifying on an international scale the practices in regard to commercial documentary credits, they are expected to bring greater security both for the bank carrying out its instructions to act as agent and to finance the transaction and for the customer in his capacity as principal.



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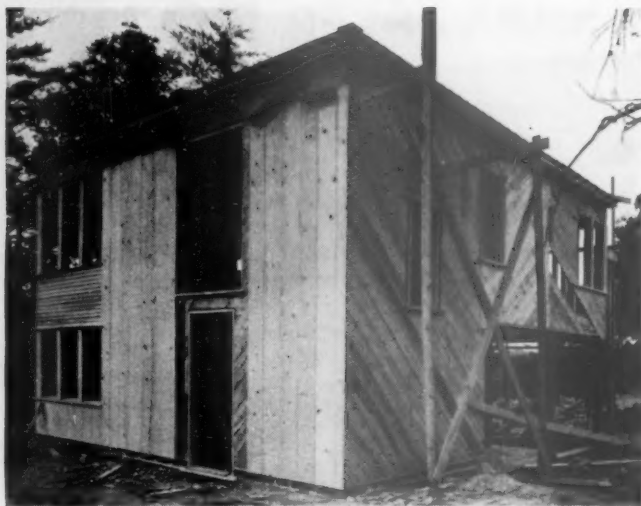


Trademark Reg.

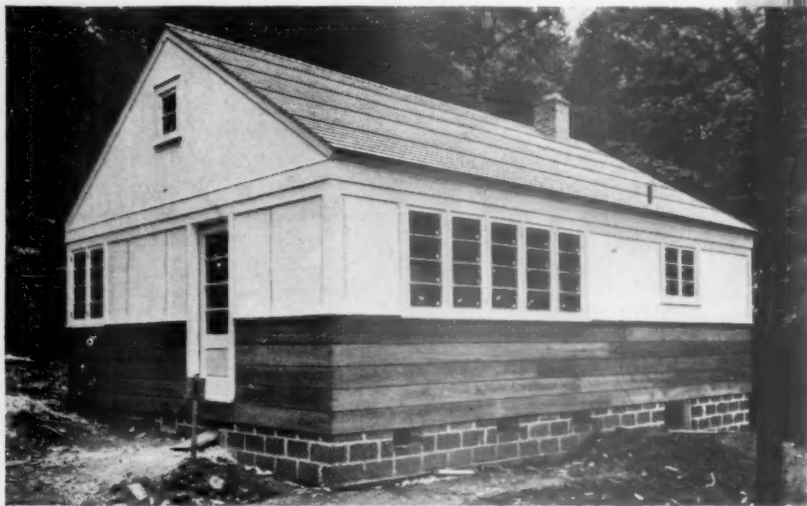
# CAST IRON PIPE

*saves taxes in the public service*

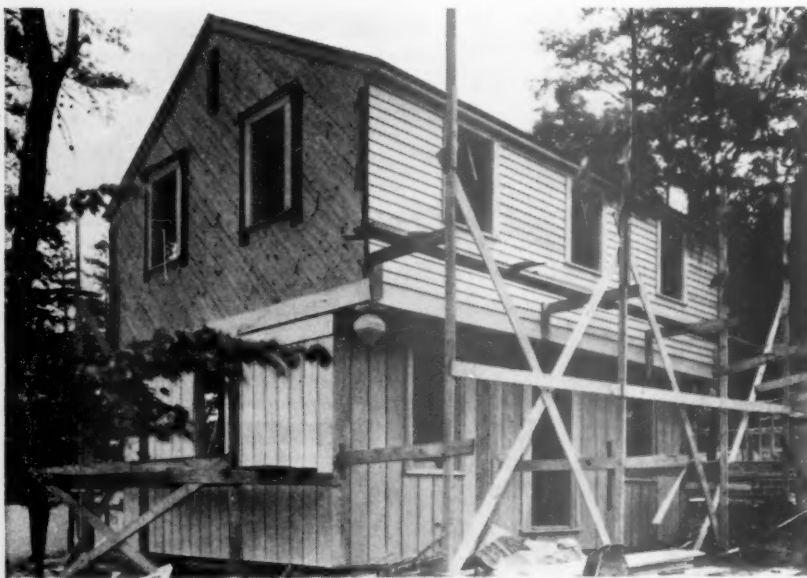
## Small Homes at Small Cost



This house has basement built above ground and a combination porch-garage in rear



A "modern treatment" has been affected by using horizontal boards below the windows and plywood above



The overhanging second floor reduces cost of foundation and allows extra room upstairs—a six-room house on a five-room foundation



Construction and finish of fireplace which heats entire house with circulating hot water

**T**O PROVE that small groups of comfortable, modern homes can be built and sold for less than \$5,000 each, the National Lumber Manufacturers' Association has built a laboratory community near Washington, D. C., where eight specimen homes have been built to sell for less than \$5,000 each.

House number one includes a bedroom, living room, kitchen and bath. No basement. The interior is finished in knotty pine. The subflooring is two-inch plank rather than the usual half-inch stock. The heavy planking is easier to lay than the lighter wood and, because of its strength, requires supporting joists at only six-foot intervals. Another house in this group uses similar planking for siding and eliminates part of the studding material ordinarily used.

An unusual feature is the heating system shown above which is installed in the living room fireplace with circulating hot water heating the entire house. Coal is stored in a drop panel adjacent to the chimney. Ashes drop directly to the ground and are removed at base of chimney on the outside of the house.

Building material and labor costs in Washington, D. C., totalled \$2,000 and the sale price is \$3,260.

The middle house illustrated here bears a construction cost of \$2,400 and sale price of \$3,731. It has a living room, two bedrooms, kitchen, bath, utility room and sub-basement. Plywood is used extensively in construction. One bedroom opens from the kitchen so that it may be used as a dining room if preferred.

The house with the overhang is built to expedite economy in excavation and allows three bedrooms on a two-bedroom foundation. The bedrooms are all upstairs with a large living room and dining room below. Building cost is \$3,200 and sale price, \$4,738.

Built along unusual lines, the house at top of page has a basement built of wood which is brought up out of the ground to save excavation and masonry costs. It has a large living room and two bedrooms upstairs. Building cost, \$2,800; selling price, \$4,525.

In each case the selling price includes \$600 for the lot, \$60 for landscaping and 15 per cent of \$660 for commission. The sales price also includes heating plant and kitchen equipment.

**NATION'S BUSINESS** for August, 1938



## The Factory is Part of the Product

(Continued from page 26)

on hair trigger, some of them ready to release a fire smothering torrent if actuated by the heat of a single match held several feet away.

We shall continue to see an increase in use of alloys. They are almost self-selling so far as being able to create desire to include them in specifications, if for no other reason than their resistance to corrosion where that is an important consideration. Costs have been too high in many cases to justify either the utilitarian or decorative effects available through their use. Modern metals, however, are coming within reach of greater numbers, as their manufacturers effect savings in production and pass them along. These materials are particularly desirable where sanitation is important.

This cannot be said for industrial use of all modern building materials. Some developments are valuable to the home owner but impractical in harder industrial use.

### Many improvements in work

INCREASINGLY, air conditioning is specified for industrial office buildings, hospitals and other public buildings. While air conditioning is to be desired for the larger industrial plant, the cost for a large area is frequently out of line compared to benefits received, unless conditioned air is necessary to proper processing, as in some textile operations for example. Where not actually needed, air conditioning indicates thought toward welfare of employees.

Floors are interesting. In the old days concrete was just concrete. Nowadays we lay it "dry"; that is, with a controlled amount of water. Then a floor may be electrically massaged ("floated") while damp, to bring excess water to the surface. Both lead to denser concrete, and economy in the long use. Inherent dust has been eliminated through the use of surface hardeners, both chemical and mechanical. An interesting innovation is a red concrete floor built for a manufacturer who maintained that color would give an air of cheerfulness and seem softer to walk upon. After two years, the owner says that the floor has fulfilled every expectation.

Another factor, safety, entered into a recent Chamber of Commerce award to the Harris-Calorific Company for the best factory built in Cleveland in 1935-36. Safety was

planned into the building from foundation to roof. High pressure air, water and gas lines and electric conduits are buried in the concrete floor. Ventilation is by means of individual fans supplemented by exhaust blower units. Transformers are in an underground vault. A separate, explosion type building houses the acetylene gas generator and oxygen manifold. These features combined with safety guides such as colored valve handles to prevent accidental turning on of the wrong supply, and elimination of overhead shafting and belting by means of unit powered drive machines give this plant grade A in safety.

This typifies a new phase of industrial thinking. In the old days a manufacturer, too often, thought of his plant as a place to house machinery. Nowadays he thinks of it as a structure lending comfort as well as efficiency to the operators of the equipment housed there. More and more prospective builders ask about locker rooms, lighting, toilets, colors, other features to improve working conditions within the plant. All of which is but part of the general, broader recognition of the rights of a man to have sanitation, safety, good lighting, ventilation and other aids to health and comfort while at work.

Entirely apart from the much publicized "labor relations," industrialists for the most part are thinking of better factory conditions because it is the right and decent thing to do. How can it be otherwise when, for generations, they have been taught cleanliness, accident prevention, care of sight, protection against disease, in kindergarten through college? Unfortunately proper working conditions seem to have little bearing upon working relations.

It is impossible to estimate the number of manufacturers paying a penalty for lack of straight line production. Obviously, many recognize the need for improvement in equipment and the right type of plant to house it. Uncertainty is the great deterrent. So many legislative measures, passed and pending, are aimed at so many types and phases of business and affect such a multitude of departmental policies that the presence of uncertainty at executive meetings is very real.

Authentic facts about conditions of plant structures throughout the country, and figures which might show proportion of occupancy to vacancy, do not exist nationally. Facts known

about Cleveland, however, indicate conditions in other industrial centers, though not all. The Real Property Inventory, July, 1937, records 133,700,000 square feet of floor space for manufacturing and competitive commercial purposes. Howard Whipple Green, director of the Inventory, classifies as "competitive" 37,500,000 square feet of space not actually used for manufacturing, but which might readily be converted to industrial use. In manufacturing classifications, 83,000,000 square feet were occupied by 3,052 companies.

Commenting upon condition of properties, Green states:

Condition of many of the vacant buildings is such as to make rehabilitation and occupancy unlikely. Some of the buildings are special purpose . . . others are small or in a state of disrepair.

Green's survey found only six buildings of 100,000 square feet or more available. He adds that, in spite of its undesirability, much vacant space had been absorbed of necessity between inventory time and publication date.

### No first choice vacancies

IT IS reasonable to assume that the greater part of the remaining space is leavings, since buyers or renters naturally select the best first. The ten per cent industrial vacancy found in Cleveland constitutes dregs that few will occupy except in emergency. A small, newly formed company might take such space to get low rent in the early stages. But, if successful, it will soon be looking for better quarters, based upon experience in attempting to operate in space discarded by others.

Remodeling can be done, but, for the most part, such structures are not adaptable, either because of expense involved or complete unsuitability for modern production. Since much Cleveland manufacturing is in heavier classifications, it is not surprising to find that 41 per cent of occupied space is on ground floors, or that seven per cent of the ten per cent vacancy was in one story buildings, 11 per cent in two story, 13 per cent in three story and 16 per cent in four story structures.

Throughout the country, location often determines the degree of obsolescence. Rapid growth and spread of population have made many buildings almost worthless within a period when natural physical obsolescence had hardly gotten under way. Labor follows a local industrial decentral-

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ization to the suburbs, often with benefit to employer and employees.

Transportation then sets a barrier around the older districts. Even the availability of low cost, third-hand automobiles, which must be parked, will seldom induce workers to make the long trip back to the downtown plant unless forced to. And the rows of center uprights in those old structures, staunchly damming the flow of production, are but a symbol of many points wrong with the ancient buildings.

The F. W. Dodge Corporation estimated on November 1, 1937, that heavy building construction for 1938 would approximate:

		Per cent change from '37
Industrial .....	\$250,000,000	0
Commercial .....	310,000,000	Minus 23
Educational .....	175,000,000	" 11
Hospitals .....	70,000,000	" 8
Public Bldgs. ....	85,000,000	" 8
Religious & Memorial .....	35,000,000	Plus 9
Social & Recreational .....	75,000,000	Minus 5

On February 1, they stated "We see no significant features that would warrant changing our position . . . as reported in the Dodge, November, 'Construction Outlook for 1938'."

No one can estimate how many changes from old communities to new are involved in these industrial and commercial figures. Sentiment or loyalty to the old bailiwick are admirable. But, to survive, the industrialist today must scrutinize important factors such as proximity to markets, availability of materials, electric, power and fuel costs, water supply as to quantity and quality, transportation facilities which include interchange facilities, the labor supply, its type, predominant racial sources, current wage rates in the community, general civic conditions.

Having determined upon the proper territorial location, he may find what is needed in type and local location of plant. If he builds, it is likely that he will be guided, far more than his predecessors, by men able to help him foresee needs which he may not have recognized because forced to think in terms of his own immediate problems. If his advisers are informed as to experience of plant executives who have been living with recently constructed plants in his general class, worth while trends can be continued and faults rectified.

## Penny Sales Pay Dollar Dividends

(Continued from page 36)

stick packages also is given a protective wrapping; all this care is necessary to preserve the fugitive freshness of the gum which deteriorates with exposure and age.

From this point on, the sales force must do the worrying.

Each of the Big Three spends large sums for advertising. Wrigley continues to lead in this respect as in sales volume. At the moment, Wrigley appears to emphasize the youth motif. The company has changed its radio program from the more dignified "Poetic Melodies" period to a swing session. *Variety*, the theatrical weekly, headlined the announcement: "Poetry to Hotcha Switch for Wrigley."

Another novelty Wrigley has introduced recently in its advertising is to tie up Wrigley's Chewing Gum with exclusively designed clothing for women; featuring youth, slimness, beauty. One full-page advertisement pictures a "Double Mint" dress created by Schiaparelli and modeled by the movie star, Anita Louise. The headlines read:

"Keep young and Doubly Lovely with refreshing Double Mint gum."

The text subtly makes youthful beauty and Wrigley's Chewing Gum inseparable, and concludes with directions for obtaining a pattern of the dress illustrated.

The American Chicle Company has made no major changes in its advertising policy. Most of its appropriation goes into magazine advertising. It spends some of its money for radio and car card advertising. For the promotion of Chiclets it has used newspapers consistently. American Chicle advertising (Adams' Black Jack, Adams' Clove, Beeman's Pepsin, Dentyne, etc.) seems to bear down heavily on the healthful benefits derived from chewing its gum.

Beech-Nut, which produces a wide variety of foods, must spread its advertising to cover hams, peanut butter, candy, tomato juice, and other products as well as chewing gum. Beech-Nut has built up a reputation for "quality" foods. Its products consequently command prices slightly higher than the average. Tradition, however, has firmly set the price of chewing gum at five sticks for a nickel. So Beech-Nut maintains the same standard price as its competitors.

Naturally Beech-Nut features "quality" in its advertising. As a convincing means to demonstrate this quality, Beech-Nut relies to a great extent on the lavish distribution of samples.

Among the lesser manufacturers of chewing gum, one energetic newcomer has achieved spectacular prominence. Jacob Warren Bowman, an-



other Ohio boy, who was "married, divorced and bankrupt" before he was 21, has succeeded very well in making bubble gum.

Bowman has crammed his life with astonishing adventures. His business experience was varied, to say the least, before a chance meeting with a chewing gum salesman steered him into the manufacture of Ju-Ce-Kiss gum in Lansing, Mich. In 1929 he opened his own Gum, Inc., factory in Philadelphia. And his Blony bubble gum, which claims to offer the most for a penny, now accounts for more than 60 per cent of that type sold.

### A children's specialty

BUBBLE gum, in case you don't know, is the delight of childhood. Made of chicle substitutes (jelutong, gutta siak, gutta kay, etc.) which are closely akin to rubber, bubble gum can sell at a penny for a chunk so large that only a child could get it in his mouth. The kids love it, and blow it from their lips in appalling balloons, or suck it in to burst with a startling crack.

Few companies have succeeded in carving a prosperous niche for themselves in the chewing gum industry. Many have tried and failed; some of these failures with impressive capital.

In 1914, 74 establishments were making chewing gum. Only 37 in 1929. By 1935 (the last figures available) the number of chewing gum manufacturers had diminished to 26.

Yet, for the Big Three, at any rate, chewing gum has remained so steadfastly profitable as to set unhappy manufacturers of other products squirming with envy.

Not one of the Big Three missed paying a dividend even in the darkest years of the depression. Wrigley's lowest dividend was \$3.00 in 1933. American Chicle also sank no lower than a \$3.00 dividend for the years 1930-33. Whereas the low for Beech-Nut (which of course included both profits and losses on all its products) was \$3.75 in 1932.

Even the present "recession" has failed so far to dent the reliability of these gum profits. Wrigley's for 1937 paid a regular dividend of \$3.00 with a \$1.25 special dividend, totalling \$4.25. Beech-Nut paid a \$4.00 regular with \$1.00 special, totalling \$5.00. While American Chicle paid a \$4.00 regular with a \$3.00 special, totalling \$7.00.

In the present confusion of economic faith, it is reassuring and inspiring to realize that this one industry, so thoroughly American in its origin and conduct, stands out as a challenging example of what private enterprise can accomplish in a land of freedom and opportunity.



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Credit Insurance Companies protect billions of dollars of sales annually. These companies are strong, safe, conservative. Their principles and policies are sound.

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In considering Credit Insurance, remember these factors, and also that the "American" Company has devoted its undivided services and all its resources to Credit Insurance—*exclusively*. Every contract has been fulfilled. All policyholders have been reimbursed on every established claim.

"American" protection widens its scope to meet existing conditions. Today, "77-B" cases have the same status as insolvencies. This is vitally important. Petitions this year are at their highest since 1935. Under "77-B," a Credit Executive has no voice in enforcing payment when debtors reorganize. At best, he must follow the dictates of a Court (possibly unfavorable).

When you investigate Credit Insurance, investigate "American."

## AMERICAN CREDIT INDEMNITY CO.

of New York

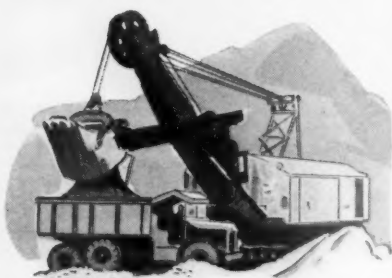
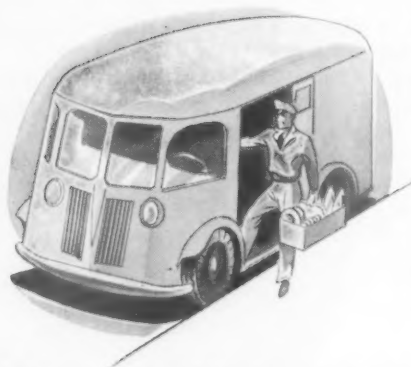
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## GENERAL TRUCK TIRES

## What's Happening to Independent Unions

*(Continued from page 20)*

substantial ones. No true friend of the independent union or the employee representation plan could ever stomach the Pollyanna type. Sincerity must prevail for fruitful and lasting employer-employee relations.

On the other hand, the wording of the Act has often caused the disestablishment of employee organizations whose only fault has been the enthusiasm of a few employees which caused them to obtain mechanical assistance (use of company property, etc.) in the formation of such organizations.

Considering that the employee's choice should be the guiding and only principle (a legal requirement) in judging independent unions and employee organizations, it is disturbing to find an economic overtone not only in the off-the-record speeches of some Board officials but even in the decisions themselves. In the decision ordering the International Harvester Co. to disestablish the Harvester Industrial Council Plan the Board remarked:

Before considering the legality of the plan under the provisions of the National Labor Relations Act, it may be profitable to analyze it for the purpose of determining its value as a method of employee representation.

Then the Board added:

In any real sense can the Harvester Industrial Council Plan be considered as an effective method of employee representation and collective bargaining?

Did Senator Wagner, or the Congress which passed the National Labor Relations Act, or the President who signed it, intend that the administrators of that Act should permit themselves remarks that impugned the quality or value of a labor organization? Surely democracy is endangered when government officials indirectly advise employees as to what labor organization not to join.

Furthermore, a subtle movement is on foot to indoctrinate those who try cases against independent unions. Few people know that there is a Division of Economic Research attached to the National Labor Relations Board which seems to have as its main function the gathering of data that will prejudice everyone against independent unions. In this Division no serious attempt is made to distinguish between the independent union and the company dominated union. A trial examiner or a Board attorney has to be made of stern stuff to be able to approve an independent union



after the various memoranda prepared by this Division have been given out.

Such statements as these: "Structurally the independents are not organized for effective collective bargaining," and "It (the Independent) ignores the necessity of collaboration with other organized groups to protect mutual interests and to insure survival" are examples of the expert information sent on to the various regional boards.

Is it strange that some persons suspect that perhaps the Board, or at least a part of it, has gone a trifle beyond its function of assuring employees a free choice in the organization they select? Are some correct when they charge that perhaps the employees' choice is not a choice at all?

The Division of Economic Research also has asserted that "membership appeals made by the independents

misrepresent union organizers as outside agitators who draw fat salaries at the workers' expense."

### Propaganda for national unions

NOW the Wagner Act places no limitation on the methods that organizers pursue in their efforts to recruit new members. Such a limitation might have been a good thing but the fact remains that there isn't any. Here, the independent is indulging in a bit of demagogic campaigning, and exception is taken to it. But why should a thoroughly impartial group take any exceptions? It would indeed be a salutary thing for all concerned, particularly with respect to the prestige of the Board, if all parties connected with the Board would realize that, although they might have come from the ranks of organized labor through one channel or another, their

specific function now is to be judicial with respect to the administration of the Wagner Act.

There has been a good deal of loose thinking and thoughtless talk as to the attitude of employees toward the independent union. Just before the Wagner Act was passed, many predicted the demise of this form of labor organization when the Act became effective. A glance at some figures might cause even the "die hards" to change their minds, at least with regard to the existence of this form of organization.

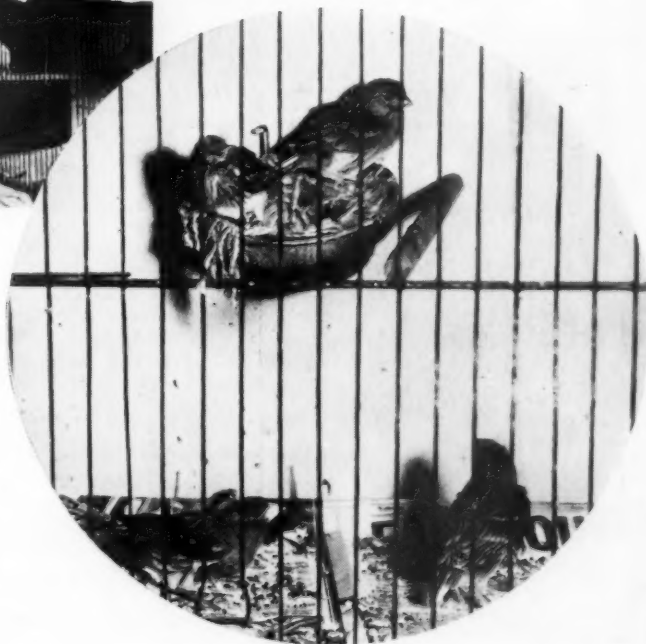
A statistical analysis of 79 independent unions and readapted company unions as of July, 1937, has been made by the Division of Economic Research of the N.L.R.B. Of the 79 so studied, only 13 were readapted company unions and 66 were new. At this rate there would seem to be five new independents to every one

## Deaf Woman Trains Canary Birds to Sing



In addition to raising and selling prize canaries, Mrs. Howard also gives classes on care of birds

Prize canaries are sold on the market for amounts ranging from \$10 to \$75



**P**EDIGREED canary birds trained to sing by a deaf woman, Mrs. Bernice Howard, of Los Angeles, Cal., bring as much as \$75 each when placed on the market.

Mrs. Howard learned to interpret bird-song notes by watching the pulsating throat of her pet Roller. Now she trains her marketable birds to sing through a process of "talking" to them in alternate cajoling and scolding terms. She punishes recalcitrant youngsters by confining them in darkened bird-houses.

In less than three years she has achieved financial success with her project, but her most triumphant achievement came when she finally obtained a spot for her birds on a radio program after she had trained eight young canaries to sing "on sight" by the patience-consuming task of teaching them to start singing the instant she opened the doors of their darkened cages.

—A. E. HOLDEN



Statement of Condition June 30, 1938

Assets	
Cash, Due from Banks and Bankers . . . . .	\$324,078,437.26
Exchanges for Clearing House . . . . .	46,834,199.76
U. S. Government Securities . . . . .	399,353,059.77
Demand Loans . . . . .	64,231,487.02
Time Loans and Bills Discounted . . . . .	131,690,746.85
State and Municipal Bonds . . . . .	15,183,829.45
Stock of Federal Reserve Bank . . . . .	2,250,000.00
Other Securities and Investments . . . . .	13,617,828.61
Mortgages Owned . . . . .	2,158,236.10
Banking Premises . . . . .	21,394,934.02
Other Real Estate . . . . .	710,682.17
Accrued Interest and Accounts Receivable . . . . .	2,237,721.99
Customers' Liability on Acceptances . . . . .	2,551,516.07
Liability of Others on Acceptances, etc., Sold with Our Endorsement . . . . .	8,852,083.07
Other Assets . . . . .	3,011,500.00
	<u>\$1,038,156,262.14</u>
Liabilities	
Capital . . . . .	\$ 25,000,000.00
Surplus Fund . . . . .	50,000,000.00
Undivided Profits . . . . .	27,650,902.35
Contingency Fund . . . . .	5,500,000.00
Deposits . . . . .	876,076,590.88
Outstanding and Certified Checks . . . . .	39,880,027.70
Dividend Payable July 1, 1938 . . . . .	1,250,000.00
Unearned Interest . . . . .	130,518.23
Accrued Taxes, Expenses and Interest Payable . . . . .	677,179.82
Outstanding Acceptances . . . . .	5,247,784.41
Less Amount in Portfolio . . . . .	2,541,186.50
Acceptances, etc., Sold with Our Endorsement . . . . .	8,852,083.07
Other Liabilities . . . . .	432,362.18
	<u>\$1,038,156,262.14</u>

Assets carried at \$6,031,538.36 have been deposited to secure deposits and for other purposes.

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that had been a company union. One of the most enlightening features of the independent union has been its success in the elections in which it has participated and which are conducted under the auspices of the National Labor Relations Board. A study of these elections for the 26-month period starting February 1, 1936, and ending April 1, 1938, shows that the independent union has participated in 240 such elections. In 125, or 52 per cent, the independent has been successful. If we break these figures down, we discover even more interesting data. For example:

In the period from February 1, 1936, to September 30, 1937, independents won only 65 out of 144 of the elections in which they participated, or 44.8 per cent; in the last quarter of 1937, the results were: 38 victories in 62 contests, or 62.9 per cent. For the first quarter of 1938 the independent continued to climb, winning 22 of the 34 elections, or 64.2 per cent. What, you will ask, have the other labor organizations been doing in this same period?

The tables show the comparison.

1. From February 1, 1936, to September 30, 1937

	Total Elections Participated In	Total Elections Won	Percentage Won of Elections Participated In
A.F.L.	48	20	41.7%
C.I.O.	76	58	76.3
Independent	29	13	44.8

2. From October 1, 1937, to December 27, 1937

	Total Elections Participated In	Total Elections Won	Percentage Won of Elections Participated In
A.F.L.	41	23	56.1%
C.I.O.	63	40	63.5
Independent	27	17	62.9

3. From January 1, 1938, to March 31, 1938

	Total Elections Participated In	Total Elections Won	Percentage Won of Elections Participated In
A.F.L.	57	23	40.3%
C.I.O.	71	47	66.2
Independent	14	9	64.2

It might be noted that votes against any union representation in these respective periods were 11 per cent, 20 per cent and 20 per cent.

An indication of the total number of employees involved in these elections is gained from the following tables:

For the period from October 1 to December 27, 1937

No. of Elections Held	Number Won by A.F.L.	Number Won by C.I.O.	Number Won by Independent	Number Lost I.e. No Union Wanted
228	52	91	38	47

No. of Employees Voting	Vote Polled A.F.L.	Vote Polled C.I.O.	Vote Polled Independent	Vote Polled Against Any Union
64,229	11,386	29,025	10,814	13,004

These figures appear to hold little comfort for those who still would have us believe that employees flock to the national labor organizations when they are given a chance to make their own decision.

Strange as it may seem, the extent

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of the independent union movement is not evidenced in elections conducted by the various boards but rather in the industries and plants where no elections have been held. An explanation of this phenomenon is that, where it appears that the plant union is firmly entrenched in the wills of the employees, the outside union doesn't care to risk an election which might prove embarrassing for it elsewhere and so spoil its chances where there is a doubt of the employees' wishes. In other cases no outside union has appeared in that area or plant to dispute the position of the independent.

### Independents are strong

THE statistics that support these statements have been taken from a questionnaire submitted to hundreds of employers concerning the labor organization, if any, with which they were bargaining. Replies have been so scattered and fragmentary that specific or accurate findings are not available. Enough information was received, however, to show that at least 700,000 employees are bargaining with their employers through independent unions. Add to this the hundreds of independent unions with an unestimated number of members that have sought, obtained or are seeking incorporation or registration under the laws of the various states—more than 100 in Wisconsin, 145 in New York, and about 90 in Pennsylvania alone—and the extent of the independent union will be understood.

The man in the street with arguments against the independent union still humming in his ears wants to know the explanation for their remarkable growth in the light of what he has been told. The only answer is to ask him to place himself in a position of having to choose from among various labor organizations the one that will be most valuable for job security, unbroken periods of work, fair wages, and pleasant working conditions. His choice will depend upon two things:

1. How his employer has treated him in the past.
2. Whether he believes in balance of power and its corollary, that industrial peace is an armed truce.

But, whatever he chooses, let no man say he doesn't know what he wants, because if there is anything that the American workingman can unerringly select it is a labor organization that here and now will be to his advantage. Such an organization may be A.F. of L., C.I.O., or independent, or he may not choose any. It, therefore, behooves all of us to refrain from trying to make up his mind for him.

## \$819 IN TAXES FOR EVERY EMPLOYEE

● Divide the Associated System's annual tax bill of \$18,213,020 by the number of its regular employees, which is 22,216, and the result is \$819 in taxes for every employee.

There is no necessary relationship between taxes and employees. But the ratio of \$819 in taxes to every person on the pay roll is another measure of the magnitude of the tax burden which the Associated System must bear.

### Taxes Are 47% of Pay Roll

Pay roll is the largest single item of expense, but taxation is rapidly growing as large. In some large operating companies taxes equal or exceed pay roll. For the System as a whole, taxes equal 47% of pay roll.

The Associated System does not object to reasonable taxes. But it is obvious that the increase of more than \$8,000,000 in the System's taxes during the past five years is money that cannot be used for increasing pay rolls.



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4. 30% to 40% more light and air.
5. Quick, simple, fool-proof operation.
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This may be the most important year in your life! Your whole future is apt to depend on how you take advantage of present business changes.

Returning prosperity is opening up new jobs, and creating unusual opportunities. But that does not insure prosperity for you. Only you can insure that.

For months—maybe years—employers will be able to pick and choose out of the millions now unemployed or dissatisfied with their work and pay. Naturally they will pick the men with most preparation and ability.

You should—you must—make yourself quickly more valuable—to protect what you have and to insure getting your share of the promotions and pay raises. It is being done by OTHERS—it can be done by YOU!

Ask us to send you full details about our new spare time training, and to explain how it prepares you to better meet today's demands and opportunities. If you really are in earnest, you should investigate at once. Check your field below, write your name and address, and mail.

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| <input type="checkbox"/> Office Management   | <input type="checkbox"/> Effective Speaking    |

Name .....

Present Position .....

Address .....

## Bachelor of Extravagance—Cum Laude

(Continued from page 24)

resembling the dollar stamp should be put on a college education.

Were there after effects in my own case? Do robins return in spring? Of course!

I have no complaints to make or whining to do on the score that college unfitted me to *earn* money. I think it helped. I have consistently approached and sometimes passed \$10,000 a year. But earning is only half of the job. With what's earned, what permanent satisfactions are bought? Out of what's earned, what's left? There's the rub. I have measured myself against five men I know, one of them my father, all men of relatively little schooling, low earning capa-

I believe a person's purchases should expand somewhat in proportion to his ability to buy. Yet, beyond any doubt, there's a money wisdom in being able to buy what's needed, yet also buy security by saving something along the way, and all five of the men I mentioned have more of this knowledge and skill in investment and saving than I have, and I attribute part of their success to not mislearning financial lessons while chasing a *cum laude*. If a fair valuation were put on what I own, outside of a heavy load of life insurance, it would exceed \$5,000 by very little. And I have had no unusual losses. The cash I had just didn't stick around.



Dad never let me down. The only admonition I received was to make each check go as far as possible

city. Not one of them in his entire lifetime has earned more than \$75,000, yet, if they died tomorrow, the estate of the poorest would be valued above \$30,000, and that of the richest close to \$50,000; and I consider that they have all enjoyed satisfying lives, with a due measure of the comforts and some of the luxuries that financial security can buy.

I have no sympathy with "the damned wantlessness" that degenerates into penuriousness. I thought it was swell in Jack Benny's submarine routine, when it looked as if they would all drown, and somebody said to Jack, "Have you always saved your money?"—and he said, "Yes, of course!"—and the comeback was, "Aren't you sorry now?"

More than once, too, in spite of a good income, I found myself in self-boiled hot financial water. Bills to meet, no cash. There were such follies as a \$3,200 car, bought at a time when one for \$1,000 was indicated; or belonging to two clubs when I could hardly manage one. The educated demon in the sub-cellar kept saying:

"If things get *too* tight, you can borrow: from Dad... or somewhere."

Easy money!

Borrow I did, at intervals. Peter paid Paul, until I finally kicked that idea into the ash can and resolved to make all grades under my own power. I did this less in justice to others than to myself. For I did relearn the copy-book maxim that nobody borrows



himself out of debt. But I'll say this: what I learned about money I brutally found out for myself, or relearned in spite of college.

Am I a lone dog? Is my story unusual? I have discussed the matter with a good many college men, and not for one minute do I think so. Of my three brothers, all of whom went to college (not Harvard), not one is quite a financial success. Smart men, jolly fellows, good workers. But even today, living on his interest, Dad can save rings around any of us, and there have been times when all of us fell back on his easy money.

I know a striking family group of seven sons and one daughter, in which the parents by incredible hardships and iron determination sent all eight to college. Several of the boys are college teachers, one is a distinguished psychologist; but none of them has won distinction as a getter of coin or as a family supporter. Their father has become fairly well-to-do. Would it not perhaps be better, just as a matter of satisfying living, if the sons

had received a little less book learning, and considerably more of the old grub-and-get-it-for-yourself spirit instead of getting it from the old man, as various "emergencies" still compel most of them to do?

I'll admit I sound sour. But I'm not whining. I'm telling what happened, and trying to point out what I consider a serious weakness in the college system as we have it now. I think there is probably too much good in a college education to ask my boy to miss it entirely. But I hope before he matriculates he will know why he is going to college and I hope while he's there I, or somebody, will be able to instill in him a certain amount of permanent basic financial common sense, some notion of personal responsibility, and a glint of the idea of earning instead of being given, which is the best preparation I know, despite a government which believes in spending till it hurts, for the back-to-the-wall battle that life often becomes even for a bachelor of art, *cum laude*.

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### Industry Delivers a Big Order

TRAVELERS entering Texas by the southeast corner will get an impressive introduction to the Lone Star State when they come in by way of this new highway bridge at Port Arthur.

This \$3,000,000 structure rises in a rainbow-like arc from flat prairie land to attain an over-all height of 230 feet—about that of a 20-story building—above the surface of the Neches river. Only six other bridges in the nation have a greater clearance above water (176 feet) and some of these are railroad bridges across gorges, whereas the Texas structure ascends skyward from a surface not much higher than the waters of the river itself. The main span of the bridge is designed to give

a horizontal clearance of 600 feet—the distance of two city blocks—to permit the comfortable passage of ocean traffic.

The mile and a half long bridge rises with a gentle slope which will permit motorists a vision range of from 800 to 1,000 feet ahead at any point on the roadway.

Ash-Howard-Needles and Tammen of Kansas City and New York were consulting engineers and G. G. Wickline, a bridge engineer with the Texas Highway Department, administered and directed the project. The Union Bridge and Construction Company of Kansas City placed the foundations and the Taylor-Fichter Steel Construction Company of New York erected the superstructure.



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THE advantages North Carolina offers Industry are reflected in the growth of manufactured products from a value of \$216,000,000 in 1909 to \$1,114,000,000 in 1935. This Industrial development has been achieved without congestion, and there are still plenty of suitable factory sites available in all parts of the State. The success of Industrial enterprises here is largely due to the following factors:

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- Ample economical power
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## Why Dollars Refuse to Work

(Continued from page 18)

for financing the acquisition of capital goods and the construction of new buildings. High rates of taxation on large incomes, capital gains taxes, taxation of undistributed corporate profits and restrictions upon depreciation deductions have tended to curb the flow of funds available to finance new investment directly by individuals and corporations. Hence, the relative importance of the security markets as a source of funds to finance capital expansion should be increasing. In certain industries, such as railroad transportation and the public utilities, where returns are limited at best to a fair return upon the investment, the capital market must provide practically all the funds required to finance expansion.

Yet, when we examine the record of new financing in recent years, we find that the capital market has almost ceased to function.

### A vanishing new capital market

ELIMINATING refunding and investing trust issues which do not finance the acquisition of producers' or durable goods, the security markets provided corporations with an average of \$3,613,000,000 of new capital in the 13 years 1919-31. During the six years 1932-37, by contrast, the annual average was only \$567,000,000. In the current year, the total in the five months recorded when this article was written was the negligible sum of \$158,000,000.

Similarly, the volume of funds to finance new building provided by the various financial institutions that constitute the mortgage banking system has fallen to a fraction of what it was before 1931. However, through public housing and the F.H.A., government credit is being substituted for private in this field to foster a revival.

Such utter stagnation in the capital market may be due to one or more of three basic causes:

First, it may reflect a lack of investment funds for the purchase of corporate securities and mortgages.

Second, it could be caused by an unwillingness of business managements and home owners to seek funds, because they feel that existing political, labor and other conditions do not indicate that the expansion of productive capacity or the construction of new homes would prove profitable or desirable.

Third, it could result from disintegration of the investment banking machinery which brings together buyers and sellers of securities.

Let us examine these possibilities. Savings for the purchase of new security issues may come from two

chief sources—national income paid out or the inflation of bank credit.

While the national income has declined materially from the level of the 'twenties, it remains large enough to sustain a high level of investment. Bank credit has been expanded at an unprecedented rate in the past five years. Deposits of commercial banks have been increased by some \$13,000,000,000, as a result of large-scale bank purchases of government obligations and the enormous influx of gold from abroad. Any diminution of available investment funds caused by a decline in the national income, therefore, has been offset by the inflation of bank credit which has been going on since 1933.

However, the national income has been redistributed. Higher wages, progressive taxation and government relief have combined to reduce the proportion of the national income going to the wealthier classes, while expanding the proportion received by the lower income groups.

Income tax statistics clearly show the extent to which this tendency has gone. In 1928, those receiving more than \$25,000 in annual income filed 111,052 returns with the Bureau of Internal Revenue. The incomes of these persons totalled \$8,636,000,000. In 1936, a recovery year, only 58,978 returns were filed showing incomes exceeding \$25,000, and the aggregate income reported was down to \$3,264,000,000. Furthermore, taxes took about twice as much of the income of this group in 1936 as in 1928.

### Little common stock financing

THE changed distribution of the national income is causing a larger proportion of current savings to flow into the capital market through financial institutions such as life insurance companies, savings banks and other agencies that buy only government or very high grade corporate bonds. On the other hand, the chief market for more speculative securities normally exists among recipients of larger incomes.

Not only has the number of these persons and their aggregate income been curtailed, but high taxation has made investment in corporate securities less attractive to them as compared with investment in tax exempt bonds. New common stock financing, therefore, has dropped to negligible proportions.

The Revenue Act of 1938 liberalizes the capital gains and losses provisions to a partial extent for individuals but not for the corpora-



tions. Otherwise, nothing has been done to expand the supply of capital ready to buy middle-grade and speculative securities.

However, I do not believe that the reduced supply of funds seeking such investments provides the chief explanation for the drastic decline in the volume of new financing outside the category of gilt-edge bonds where a sustained institutional market exists.

#### Discouragement for expansion

EVEN if funds for the purchase of new security issues were plentiful, financing would remain at low ebb as long as business corporations do not want to raise funds because they do not feel justified in expanding their operations under prevailing economic and political conditions.

We have already reviewed the forces which make the outlook for private enterprise less promising today than in the past, thus discouraging the expansion of productive capacity. In each major industry, the causes for this condition are different.

In the railroad industry, where recent technical progress has made possible, theoretically, the profitable investment of billions of dollars for new equipment and facilities to cut costs and improve service, a variety of obstacles has arisen. Rigid rate regulation, opposition by railway labor to any program, however necessary economically, that would reduce the number of jobs and the natural hesitation of security holders to accept a drastic scaling down of their holdings in reorganizations all contribute to the railway industry's failure to call upon the capital market for funds to finance modernization and coordination of rail transportation.

The public utilities similarly have been discouraged by government policies. The "yardstick" program of the federal Government and competition by publicly owned plants threaten to destroy the existing investment of the companies in many communities. Rising taxes, pressure upon rates and uncertainties injected by the holding company "death sentence" also cause concern. With the net income of the industry merely holding on an even keel despite the rapid rise in investment in recent years, managements naturally hesitate to embark upon ambitious expansion programs, particularly since they must be financed in many cases by the sale of bonds that increase the burden of fixed charges.

Industrial enterprises, by and large, have been less adversely affected by recent developments than the railroads and public utilities. However,

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### Condensed Statement, June 30, 1938

#### RESOURCES

Cash on Hand, in Federal Reserve Bank, and	
Due from Banks and Bankers . . . . .	\$ 567,402,506.31
Bullion Abroad and in Transit . . . . .	898,905.00
U. S. Government Obligations . . . . .	594,526,714.33
Public Securities . . . . .	43,390,111.93
Stock of the Federal Reserve Bank . . . . .	7,800,000.00
Other Securities . . . . .	16,085,103.31
Loans and Bills Purchased . . . . .	515,626,317.08
Items in Transit with Foreign Branches . . . . .	1,396,608.60
Credits Granted on Acceptances . . . . .	19,650,057.51
Bank Buildings . . . . .	12,366,305.99
Other Real Estate . . . . .	668,604.40
Real Estate Bonds and Mortgages . . . . .	1,994,698.63
Accrued Interest and Accounts Receivable . . . . .	34,401,957.37
	<u>\$1,816,207,890.46</u>

#### LIABILITIES

Capital . . . . .	\$ 90,000,000.00
Surplus Fund . . . . .	170,000,000.00
Undivided Profits . . . . .	12,010,401.89
	<u>\$ 272,010,401.89</u>
Dividend Payable July 1, 1938 . . . . .	2,700,000.00
Miscellaneous Accounts Payable, Accrued Interest, Taxes, etc. . . . .	18,598,714.85
Acceptances . . . . .	\$ 36,067,808.31
Less: Own Acceptances	
Held for Investment . . . . .	16,417,750.80
	<u>19,650,057.51</u>
Liability as Endorser on Acceptances and Foreign Bills . . . . .	6,817,918.00
Deposits . . . . .	\$1,471,569,237.14
Outstanding Checks . . . . .	24,861,561.07
	<u>1,496,430,798.21</u>
	<u>\$1,816,207,890.46</u>

Securities carried at \$10,215,505.11 in the above Statement are pledged to qualify for fiduciary powers, to secure public monies as required by law, and for other purposes.

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NATION'S BUSINESS



confronted with rising and relatively rigid taxes and wage costs, uncertainty as to future reforms that the Government may sponsor and evidence that the Administration's experiments in economic management exaggerate rather than iron out cyclical fluctuations in business, managements of even the strongest enterprises hesitate to assume new obligations for expansion purposes. Since financing through the issuance of stock is feasible in relatively few instances, they are satisfied in most cases to limit capital expansion budgets to what can be handled with present resources, without new financing.

### A smaller market for stock

WE MAY conclude, therefore, that governmental and labor policies of the past few years have reduced the demand for capital from business enterprises. The risks involved in new capital investment have been greatly increased, making it highly desirable that financing be accomplished by selling stock.

Yet the supply of funds for stock investment has been materially curtailed by the redistribution of wealth, high rates of income taxation in the upper brackets and capital gains taxation. Furthermore, the willingness to venture available funds is diminished by the uncertainties as to government actions.

The investment banking business, which performs the vital function of bringing together the supply of and the demand for capital, has been greatly modified by the events of the past few years.

### Stock issues are handicapped

SECURITY affiliates of commercial banks, which originated more than half the new financing of 1930, were abolished by the Banking Act of 1933. Member banks have been barred from underwriting other than government or municipal obligations. The Securities Act of 1933 and the Securities Exchange Act of 1934, which have brought about several desirable reforms, have also interposed new obstacles to the marketing of security issues, particularly stock offerings.

It may well be that these changes in the nation's investment banking machinery will interfere with new financing only temporarily. Once the new order has been established, especially if regulatory agencies display a flexible attitude in carrying out their functions, present organizations may again be able to handle the underwriting and distribution of a large volume of security offerings.

Some proposed modifications of existing restrictions are quite logical. Thus, banks could be permitted to participate in underwriting new offerings of the same kind of bond issues in which they may invest, under the restrictions laid down by the Comptroller of the Currency. But, when the demand for capital revives sufficiently, the prospects of profits should cause security dealers to expand their organizations to the extent required to consummate a large volume of new financing.

The drastic contraction in the volume of new corporate financing, we may thus conclude, results chiefly from two factors:

First, and more important, political and economic conditions in the past few years have discouraged investment in new facilities by railroads, public utilities and most industrial enterprises. As a result, the demand for long-term capital has been greatly reduced.

Second, the redistribution of national income and high income and capital gains taxes have curtailed the supply of individual investment funds available for the purchase of middle-grade and more speculative securities. The demand for capital from corporations would doubtless have been greater if the security markets could have absorbed more readily stock issues and offerings of middle-grade bonds. Now, only issuers who can offer high-grade bonds and preferred stocks find a ready market for their securities.

### Investment banking can expand

ALTHOUGH the investment banking machinery for bringing issuer and investor together has been partly dismantled as a result of closer government regulation of banking and the security markets, this factor has been of less importance in curtailing new financing.

Whenever a really vigorous and broad demand for capital again develops from industry, there is good reason to believe that American investment bankers will rise to the occasion and distribute new security issues on a far larger scale than at present. Bond yields will have to be materially higher, however, if bonds are to be sold freely to individual investors.

The surest way to revive new corporate financing, and incidentally business conditions generally, therefore, is to create conditions that will encourage the great American industries to expand and modernize their facilities. This requires a solution of the pressing railway problem, changed government policies with regard to the public utility industries and modification of labor and fiscal policies which clearly discourage capital investment by the manufacturing and distribution industries, as well as new building.

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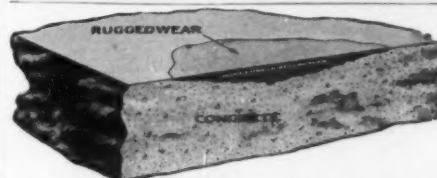
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# GENERAL ELECTRIC

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